# Daily Report

# Latin America

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*FBIS-LAT-92-031* *14 February 1992*

CONTENTS

**NOTICE TO READERS:** An • indicates material not disseminated in electronic form.

**CARIBBEAN**

**Cuba**

U.S. 'Controversial' Human Rights History Viewed *[Havana Radio]* ..... 1
Appeals Hearing Ends; Sentences Pending *[Havana Radio]* ..... 1
U.S. 'Attitude' Criticized *[Havana TV]* ..... 1
Revolutionary Forces To Mobilize for Drill *[Havana TV]* ..... 2
Melendez on Decrease in Crude Oil Imports *[Mexico City NOTIMEX]* ..... 2
Fuel Supplies, Electricity Consumption Examined *[Havana TV]* ..... 3
Electric Savings Promoted *[Havana Radio]* ..... 3
Oilfield Shows 'Potential' in Ciego de Avila *[Havana TV]* ..... 3
Commentary on Flooding, Economic Situation *[Havana Radio]* ..... 4
Esteban Lazo Criticizes 1991 Agricultural Results *[Havana Radio]* ..... 4

**Haiti**

Deputy Attacked; Theodore Home Fired Upon *[Port-au-Prince Radio]* ..... 4
Senators Divided on Resolution Preamble, Theodore *[Port-au-Prince Radio]* ..... 4
Aristide on OAS Inaction, Human Rights *[NRC HANDELSBLAD 10 Feb]* ..... 5
Correction to Senate Executive Proposal ..... 6

**MEXICO**

Report on Free Trade Agreement Negotiations *[Mexico City TV]* ..... 7
Crude Oil Production Figures Released *[NOTIMEX]* ..... 7

**CENTRAL AMERICA**

**El Salvador**

Copaz Installs Group To Organize Civilian Police *[San Salvador TV]* ..... 8
Merino Comments on FMLN's Socioeconomic Plan *[San Salvador TV]* ..... 8
Rebel Commander Discusses Future Role of FMLN *[Radio Venceremos]* ..... 8
Villalobos on FMLN's Future, Reconstruction *[San Salvador TV]* ..... 9

**Guatemala**

Serrano Comments on Recent Human Rights Reports *[Guatemala City]* ..... 16
Tension Reported Between Students, Armed Forces *[EL GRAFICO 12 Feb]* ..... 16
Devine Case Partially Annulled: Appeal Sought *[PRENSA LIBRE 11 Feb]* ..... 17

**Honduras**

Callejas Installs State Modernization Commission *[Tegucigalpa Radio]* ..... 17
Highlights of Callejas, Calderon Communique Cited *[LA PRENSA 12 Feb]* ..... 18

**Nicaragua**

Official Discusses FSLN, U.S. Issues *[EL NUEVO DIARIO 10 Feb]* ..... 19
'Largest Demobilization' To Date in Jinotega *[Managua TV]* ..... 20
Resistance Leaders Announce Exile Plans *[Managua Radio]* ..... 20

### Panama

Linares Says Government Not To Renegotiate Bases *[EL PANAMA AMERICA 13 Feb]* ..... 21
More on U.S. Bases *[Panama City TV]* ..... 21
Relations With Guatemala, Cuba, Taiwan Noted *[Panama City TV]* ..... 22
Endara Refuses Talks With Pro-Noriega Soldiers *[Panama City TV]* ..... 22
Ministers Favor Dialogue *[EL PANAMA AMERICA 13 Feb]* ..... 23
Officials Comment on Subversive Groups *[LA ESTRELLA DE PANAMA 13 Feb]* ..... 23
Sergeant Recants Testimony Against Herrera *[LA ESTRELLA DE PANAMA 13 Feb]* ..... 24
Program for Modernization of Economy *[LA ESTRELLA DE PANAMA 9 Feb]* ..... 24
PDC States Position on Debt Negotiation *[EL SIGLO 13 Feb]* ..... 28

## SOUTH AMERICA

### Argentina

Press Speculates on Cheney's Upcoming Visit *[CLARIN 13 Feb]* ..... 30
Cavallo Vows To Preserve Economic Stability *[NOTICIAS ARGENTINAS]* ..... 30
Businessmen React Positively *[TELAM]* ..... 31
Cavallo Reports Treasury Surplus for January *[BUENOS AIRES HERALD 13 Feb]* ..... 32
Roundup of Economic Activities on 7 Feb *[BUENOS AIRES HERALD 7 Feb, etc.]* ..... 32

### Bolivia

Movement Supports Lifting U.S. Blockade of Cuba *[La Paz Radio]* ..... 32
MNR Protests Charges of 'Complicity' on Drugs *[EL DIARIO 30 Jan]* ..... 32

### Brazil

Death Threats Change Collor's Daily Routine *[O ESTADO DE SAO PAULO 12 Feb]* ..... 33
Rumors on Collor's Health Called 'Groundless' *[Brasilia Radio]* ..... 34
Affect Stock Market *[Rio de Janeiro TV]* ..... 34
Ruling on Pensions 'Favorable' to Government *[Rio de Janeiro TV]* ..... 34
Provisions of Ruling Discussed *[Rio de Janeiro TV]* ..... 34
Informatics Items Freed From Import Restrictions *[O GLOBO 11 Feb]* ..... 35
Taiwan Seeks To Strengthen Bilateral Exchange *[O GLOBO 11 Feb]* ..... 35

### Chile

Fruit Producers File Suit Against U.S. *[Santiago Radio]* ..... 35
Police Arrest Leader of MIR Terrorist Group *[Santiago Radio]* ..... 35
Lautaro Movement Leader Arrested *[Santiago Radio]* ..... 36
Roundup of Economic Activities 7-10 Feb *[Santiago Radio, etc.]* ..... 36

### Colombia

Electricity, Phone Workers Strike 'Illegal' *[Santa Fe de Bogota TV]* ..... 36
Military Occupies Power Company *[Santa Fe de Bogota TV]* ..... 37
Guerrillas Issue 12-Point Document on Talks *[EL TIEMPO 6 Feb]* ..... 37
Pardo Views Next Round *[EL NUEVO SIGLO 8 Feb]* ..... 37
EPL Dissident Leader Surrenders in Medellin *[EL SIGLO 9 Feb]* ..... 38
Coffee Prices Reduced; Crop Reduction Proposed *[Santa Fe de Bogota TV]* ..... 38

### Peru

Forces Placed on Alert for Shining Path Strike *[Madrid EFE]* ..... 39
Four Policemen Killed *[AFP]* ..... 39
Interior Minister Announces Police Restructuring *[Lima TV]* ..... 39
State of Emergency in Mining Sector Extended *[Lima Radio]* ..... 39
Nuclear Energy Agreement Signed With India *[Lima TV]* ..... 40
Roundup of Terrorist Activities 2-6 Feb *[EXPRESO 2 Feb, etc.]* ..... 40

Roundup of Economic Activity 29 Jan-2 Feb *[EL COMERCIO 29 Jan, etc.]* ..... 40

**Uruguay**

Defense Minister Mariano Brito Interviewed *[BUSQUEDA 30 Jan]* ..... 40
Roundup of Economic Activity Reports *[Madrid EFE etc.]* ..... 42

**Venezuela**

Interior Ministry Warns of 'Unwarranted' Rumors *[Madrid EFE]* ..... 42
CNP, SNTP To Boycott Congress Reports *[AFP]* ..... 43

## Cuba

### U.S. 'Controversial' Human Rights History Viewed

*PA1402025492 Havana Radio Havana Cuba in Spanish 1330 GMT 13 Feb 92*

[Roberto Morejon commentary]

[Text] The United States, which has violated the UN Charter and international law, is using the 48th session of the UN Human Rights Commission as a platform for its election as the general overseer for the fulfillment of human rights. U.S. representatives are repeating this year in Geneva attacks against several countries, including Libya, and its traditional target for its destabilizing campaigns, Cuba.

The United States has a controversial history in human rights affairs, both internally and in foreign policy. The role played by U.S. representatives in Geneva can hardly be taken seriously when one remembers the United States bombardment of Libya in 1986, in which the pilots were specifically instructed to assassinate Libyan leader Mu'ammar al-Qadhdhafi.

Regarding Cuba, there is ample evidence of U.S. attempts to asphyxiate 10 million Cubans through hunger and by denying essential medicines from reaching the island. The U.S. blockade against Cuba, one of the longest and most all-encompassing in modern history, was 30 years old last 3 February. Eight presidents maintained, even strengthened, that measure. It affects economic, commercial, and financial aspects and constitutes a flagrant violation of the principles of sovereign equality of states and of nonintervention in domestic affairs. Since 1962, the U.S. Government aimed at crippling Cuba's economy. The first provisions adopted were linked with the U.S. suspension of sugar purchases and the sudden interruption of the oil supply to the island, knowing the island lacked its own energy sources. In 1964 the commercial embargo was extended to medicine and even now Cuba cannot obtain in the United States certain types of medicine, manufactured only in America, and on which the lives of thousands of persons depend.

National Bank of Cuba figures indicate the losses caused by the blockade exceed $15 billion. The United States has been attacking the main prerogative of Cubans—the right to life—for 30 years.

### Appeals Hearing Ends; Sentences Pending

*FL1302183492 Havana Radio Progreso Network in Spanish 1800 GMT 13 Feb 92*

[Text] The prosecutor has confirmed before the Supreme People's Tribunal the request for the death penalty which was handed down by the Provincial Tribunal for Luis Miguel Almeida Perez and Rene Salmeron Mendoza for the crimes of murder and piracy. The appeals hearing for Case No. 3 of 1992 concluded in the Court for Crimes Against State Security just a few minutes ago.

Cuban attorney general, Dr. Ramon de la Cruz Ochoa, who is acting as prosecutor at this appeals hearing, based his arguments on the facts proven during the trial and the guilt of the defendants, who were the ones directly responsible for and who committed the murders at the Tarara Nautical Base on 9 January.

The defense lawyers presented their arguments in the final session of the appeals hearing before the Supreme People's Tribunal. The trial has closed for sentencing, and the court will also respond to the writs of annulment submitted by other defendants who had been sentenced to prison terms.

### U.S. 'Attitude' Criticized

*FL1402031292 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 14 Feb 92*

[Text] Today in his closing arguments, the prosecutor asked for an invalidation declaration of the writs of appeal and for a confirmation of the sentences. Prosecutor Ramon de la Cruz asked the judges to uphold the death penalty for Luis Miguel Almeida Perez and Rene Salmeron Mendoza. He spoke on the technical aspects which proved the crimes of piracy and murder and the existence of collaboration; that is, that each of the accused participated in some degree, large or small, in the criminal activities.

Prosecutor Ramon de la Cruz also said the events which took place at the Tarara Nautical Base cannot be thought of as isolated events. He recalled the many blows which the country has suffered and the many times the people have cried for their sons, moments when, since the sixties, the U.S. Government has encouraged all kinds of piracy acts against Cuba. The prosecutor pointed out that the Tarara events have moved the Cuban people, and despite their anger over the events, the people have acted justly, guaranteeing the judicial process. After speaking for over an hour, the prosecutor said that after the massacre, which moved our people, the only thing left to be done is for the judges and history to condemn the defendants.

The defense lawyers presented their closing arguments afterwards. Doctor Mario Cevallos asked the judges to keep in mind several evaluations of good behavior the defendant Luis Miguel Almeida Perez is credited with before joining the other defendants. He also mentioned that Almeida Perez is only 24 years old. Therefore, he thinks that a sentence less than the death penalty should be imposed; that is a 30-year prison term. A similar argument was presented by Dr. (Faisal) Iglesias, who also asked the judges to impose the alternate sentence instead of the death penalty on Rene Salmeron.

An important aspect to note in this hearing is that during their closing arguments, the prosecutor and defense lawyers mentioned that these kinds of acts occur mainly

as a result of the attitude of the U.S. Government toward Cuba regarding immigration issues. The United States encourages illegal departures and later uses them as propaganda against our country.

The prosecutor said the U.S. Government has not returned one person to Cuba even though they were criminals. U.S. officials only encourage illegal departures in order to break the immigration agreements. The hearing was closed pending a sentence. The judges will announce their verdict in the next few hours.

### Revolutionary Forces To Mobilize for Drill

*FL1402000992 Havana Cuba Vision Network in Spanish 2320 GMT 13 Feb 92*

[Text] Next Tuesday, 18 February, all the revolutionay forces from the capital will be mobilized to evaluate the current state of the Unified Vigilance and Protection System [SUVP]. The practical demonstration exercise, Giron 92, will involve all municipalities and surrounding areas, including Committees for the Defense of the Revolution in their watches, and work and production centers, to implement general measures provided for by the SUVP.

Eight provincial commissions will visit the 15 municipalities of the capital from 18 to 25 February. They will conduct unscheduled inspections on each front and on all levels.

### Melendez on Decrease in Crude Oil Imports

*PA1402013592 Mexico City NOTIMEX in Spanish 2015 GMT 13 Feb 92*

[Report by Rafael Croda]

[Text] Cartagena, 13 Feb (NOTIMEX)—Ernesto Melendez, Cuban minister president of the State Committee for Economic Cooperation, pointed out on 13 February that Cuban imports will fall during 1992 to less than half the amount recorded in 1990.

During an interview with NOTIMEX, Mr. Melendez stated that Cuba is preparing for its economy to function during 1992 "with only 6 million tons of crude oil if necessary" at a time when daily energy requirements are approximately 13 million tons.

Melendez also said that it is possible for Cuba to obtain crude oil from Mexico as "we normally buy from the international market, and it would not be surprising if we decided to buy crude oil from Mexico."

He also disclosed that a group of Mexican businessmen are currently participating in several mixed capital tourism projects.

In addition, Minister Melendez commented that trade between Mexico and Cuba has increased during the past months.

According to Mr. Melendez, "We are obtaining a large portion of the products required for construction of hotels and our tourist infrastructure from Mexico, and this has boosted our trade. We are quite satisfied with this."

Melendez, who heads the Cuban delegation participating in the Eighth UN Conference on Trade and Development in Cartagena, asserted that Cuba is not isolated from the international community.

"Cuba counts on the solidarity and respect of numerous countries. This is true despite the fact that we are undergoing a U.S. imposed economic and financial blockade, which the U.S. Congress is currently considering the possibility of increasing."

He also pointed out that at this moment, Cuba "acknowledges that the Mexican Government has adopted a position we value and consider as thoroughly praiseworthy. In addition, Mexico has been consistent in its foreign policy, which sets it aside from other countries."

"In particular, Mexican President Carlos Salinas de Gortari is considered a friend of Cuba and we value him very much," Mr. Melendez stated.

Regarding the economic crisis Cuba is facing after the decrease in trade with the Soviet Union and other East European countries, Melendez indicated that, according to estimates, imports would fall during 1992 to less than half the amount recorded in 1990.

"We estimate that this fall in imports equals approximately $2 billion," Melendez indicated.

Melendez stated that the fall in crude oil supply has significantly affected Cuban economy. In addition, he added that there has also been a fall in the import of food, raw materials for medications, and spare parts.

Nevertheless, he pointed out that "this has meant a severe and significant adjustment for our country, but we plan to face it and forge ahead."

Melendez disclosed that crude oil imports have also fallen. During 1990, Cuba imported 13 million tons of crude oil, it decreased to 9 million tons during 1991. It is expected that oil imports will fall to 6 million tons during 1992.

"Just imagine what that means to us. Crude oil is a basic element of our economy because Cuba does not have gas or coal. In addition, we do not have large rivers to take advantage of hydroelectric power."

On the eventual sale of Mexican crude oil to Cuba, Melendez believes that "there has been too much expectation on this issue."

He indicated that, for years, Cuba has been purchasing crude oil on the international market, from Venezuela, Ecuador, and "it would not be surprising if someday we buy crude oil from Mexico."

"If a contract is signed, and there are ships willing to transport the oil, then Mexican oil will reach Cuba," he said.

Regarding the foreign investment program in Cuba, he said 50 mixed capital companies have been established, and that there are approximately 100 more being considered.

He also stated that even though current investment projects center around the tourism sector, they also include other sectors of the economy.

## Fuel Supplies, Electricity Consumption Examined

*FL1302134792 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 13 Feb 92*

["Focus" commentary]

[Text] The fuel problem, with its resulting restrictions and difficulties, is the most difficult obstacle we have to face. The current uncertainty about irregular deliveries has become the focal point of the strained national management which can only be carried out through cooperation on a societal level. If, as the forecasts seem to indicate, the country will have only one third of the fuel deliveries it received in 1989 from the former Soviet Union, it will confirm the strategy of guaranteeing as a top priority the tasks which are directed toward increasing food production and development programs while maintaining the vital generation of electricity.

So that you may have an idea, in 1989 the generation of electricity alone consumed one third of the fuel deliveries which must now be redistributed for all the nation's tasks. This means that the international situation has created an unsolvable problem: It will not be possible to apportion electricity above the fuel levels that may be available.

To handle this contingency, which has been caused by the sudden breakup of traditional markets, the government adopted numerous measures at the end of 1991, some of which foresaw the need for state entities and the population to reduce electric consumption. This is the only way to reduce power outages to a minimum.

During these months, the major restrictions have been imposed on the state, with cutbacks and closures of work centers. More than 70 percent of the electricity conservation achieved is due to this. Nevertheless, the same has not been true of the residential sector, and this has already made power outages inevitable in some provinces.

In Havana City, for example, most households are still consuming excessive amounts of energy. No matter how great a desire might be, the country has to meet our needs. The real problem is that at this time the country does not have the resources we would like it to have. If electricity consumption by households does not decrease rationally, there will be power outages, especially when there is the unavoidable need to start up a considerable number of factories which until now were shut down and should resume their operations in accordance with the priorities and material possibilities.

It is impossible for the state to shoulder the burden of the restrictions alone. This would be very harmful for the people, because it would mean asking the government to stop ensuring the economic plans when what we most need is to achieve a production recovery and come out of this critical period as quickly as possible. It is necessary to understand that in these abnormal circumstances, it will be possible to lessen the unpleasant effects of these limitations only if the state entities comply strictly with the measures issued, but also if the people quickly adapt to the level of consumption that is possible. Any trend toward excessive consumption would be detrimental and would lead to significant harm to our society, which all of us have the duty to prevent.

## Electric Savings Promoted

*FL1302151892 Havana Radio Rebelde Network in Spanish 1255 GMT 13 Feb 92*

[Text] Members of the secretariats of the Committees for the Defense of the Revolution [CDR] and the Click [preceding word in English] patrols have conducted more than 150,000 visits to the residential sector in Havana City to promote electric power savings. For this purpose, CDR members and inspectors of the Basic Electric Organization, analyze during these home visits the electricity consumption patterns, suggest measures, and provide tips on increasing savings. The CDR members and the workers of Basic Electric Organization in Havana are conducting a campaign for energy savings in conjunction with other factors, a task which, thanks to the responsive contributions of Havana residents, has made it possible to use less electricity and has increased the use of solar energy.

## Oilfield Shows 'Potential' in Ciego de Avila

*FL1402132292 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 14 Feb 92*

[Text] The drilling of the first oil well began here in the sugarcane fields of the Ciro Redondo Mill in Ciego de Avila Province at the beginning of 1990, and 30 wells have been drilled up to now. There are two oil well areas in Ciego de Avila Province: the Demajagua field, which has been worked since 1955 and now has more than 250 wells, and this field in Ciro Redondo. Experienced oil workers from almost all parts of the country work here.

[Begin recording] [First unidentified worker] Well, the oil we have here is good quality oil which is used in this country to obtain basic oils, which later are used in making lubricants that are very important to the nation's economy. We do not know yet how many wells we are going to drill here, but, well, we can tell you that the extraction of oil for several years is guaranteed.

[Second unidentified worker] It is a good field. The soil is not too hard-packed or too loose. With few resources we can do a lot, or even more. With the difficulties that everyone knows we have, that we do not have the necessary resources, this field shows a lot of potential.

[Third unidentified worker] We believe that in this case we can support.... [rephrases] or try to alleviate the country's situation somewhat with the fuel we can get out of here. [end recording]

### Commentary on Flooding, Economic Situation

*PA1302235392 Havana Radio Havana Cuba in Spanish 1330 GMT 11 Feb 92*

[Roberto Morejon commentary]

[Text] The crisis imposed on Cuba by the collapse of world socialism has caused serious shortages of food, consumption goods, technology, [word indistinct] and spare parts. Strict distribution mechanisms, however, have ensured that there are no helpless Cubans. The country's leadership has established policies to protect vital services and ensure that priority goals aimed at finding solutions amid truly extraordinary conditions are met.

Austerity reigns in Cuba and some products and certain medicines are in short supply, but state measures based on rigorous humane criteria have facilitated the equitable distribution of available resources without leaving anyone helpless.

That distribution system was recently tested when unusually severe weather conditions struck the island's western side and part of Havana.

Extensive flooding along Havana's northern coast caused property damage and sowed panic among the people. Experts said the flooding was among the most violent and destructive ever recorded. Many military transportation vehicles, including [words indistinct] and other equipment, were used to evacuate some 2,000 area residents. As soon as the sea water receded, rescue forces began repairing damaged buildings and helping people hit hard with property damage.

No one has been neglected because of the unexpected flooding. Thousands of citizens received food supplies well past the weekend to compensate for store shortages. Despite the emergency facing Cuba, citizens can still receive all kinds of assistance when nature behaves so violently. This is because the Cuban revolution has attained social achievements. Society's safety and favorable living conditions are maintained despite our material problems.

### Esteban Lazo Criticizes 1991 Agricultural Results

*FL1402030792 Havana Radio Rebelde Network in Spanish 0000 GMT 14 Feb 92*

[Text] Today, Esteban Lazo Hernandez, member of the Communist Party of Cuba [PCC] Politburo and first secretary of the PCC in Santiago de Cuba, presided over an agricultural analysis meeting in Palma Soriano. In cooperation with this news station, our colleague Amarilis Rivera Coba from the Palma Soriano Radio Baragua station, pointed out that in the analysis it was made evident that the winter planting season must conclude with the expected results. This is determined by the results in the grain planted and by the contribution being made with the vegetables that have been affected by the [word indistinct]. Lazo criticized the vegetable crops situation in 1991. In spite of the fact that it was a favorable year weather-wise, the results were very poor. He urged the province to reach record crops in 1992.

Esteban Lazo Hernandez also urged them to keep up the planting efforts in order to take advantage of the moisture in the soil, thereby achieving this goal in February, and at the same time, complete the planting activities for the rest of the spring season.

## Haiti

### Deputy Attacked; Theodore Home Fired Upon

*FL1302134492 Port-au-Prince Radio Metropole in French 1200 GMT 13 Feb 92*

[Text] At the beginning of the newscast we reported on the armed attack last night against Jean Mandenave, a deputy for the National Front for Change and Democracy. Jean Mandenave was attacked by at least four armed civilians who followed his car after he participated in a debate on a resolution in favor of a negotiated solution to the Haitian crisis at the parliament last night. One of the deputy's attackers fired at close range at Jean Mandenave's head. The deputy dodged the bullet by moving his head. He then fled.

We have just learned that shots were also fired at Rene Theodore's home last night. This has been reported to us by Max Bourjolly [second in command of the Unified Party of Haitian Communists].

### Senators Divided on Resolution Preamble, Theodore

*FL1302235292 Port-au-Prince Radio Nationale in Creole 1400 GMT 13 Feb 92*

["Excerpts" of Senate session in Port-au-Prince on 12 February—recorded]

[Excerpts] The Senate has not yet agreed on a resolution to release the country from its crisis. According to many observers, yesterday's session ended unresolved. Let us listen to Jean-Marie Ferari for more details.

[Begin recording] [Ferari] The 12 February 1992 session in the upper chamber was left up in the air. Nothing positive, no vote, resulted from the senators' work. The only item on the agenda was a resolution proposal that only divided the senators, especially the second preamble of that resolution proposal which some sectors consider a trap. What are the contents of the second preamble?

At the suggestion of Chairmen Dejean Belizaire and Duly Brutus, the proposal on Rene Theodore was accepted by the one elected on 16 December 1990

[Aristide], and confirmed by the 8 January 1992 agreement. Senator Ebrane Cadet stated: It was not the Senate which had proposed Mr. Theodore, but rather Ambassador Alvin P. Adams, the U.S. ambassador, who has been recalled by Washington. Let us listen to some excerpts from this session.

[Cadet] It was not the Senate that had proposed Rene Theodore to President Jean-Bertrand Aristide. I am continuing [word indistinct] [bell ringing]

[Belizaire] Sorry, Senator, I am obliged to make a motion of order. I am obliged to make a motion. We acknowledge that a consultation was made in an informal manner at some level. You are explaining what occurred informally....

[Cadet, interrupting] I am now going to tell the whole truth. I am a Christian. Let me tell the truth for the nation. The nation must know exactly what is going on and how things are being done. Several times I personally noted that U.S. Ambassador Alvin Adams—whether he was visiting the Senate or meeting in private with parliamentarians as when he would visit or call them—was always putting pressure on the parliamentarians, to propose a name to them—because actually when we were holding that informal consultation....[words indistinct from the assembly, interrupting Cadet] The president of the delegation, Jean-Bertrand Aristide and his team. After we returned to Haiti, we were very reluctant to go to Caracas for a new meeting. The reason for this reluctance was that the parliament....

[Belizaire, interrupting while ringing the bell] Senator, Senator....

[Cadet, interrupting] Mr. Chairman, allow me to talk because I am not used to....

[Belizaire, ringing bell] Senator, Senator, Senator....

[Cadet] Mr. Chairman, we say that the truth [words indistinct].

[Belizaire] Senator, you have a national responsibility....

[Cadet] Yes, Mr. Chairman.

[Belizaire] Then....

[Cadet] [words indistinct] for all people who are lying.

[Belizaire] Senator, Senator, what was done in camera must be respected. [words indistinct]

[Cadet] Chairman, the Bible says that all that has been done in secrecy must be unveiled one day.

[Belizaire] Well, [words indistinct]. I am opposed to that statement. If you want to make it elsewhere, that is fine, but not in the Senate.

[Cadet] Mr. Chairman, I am paid to speak here and I must defend this nation.

[Ferari] That was a statement by Senator Ebrane Cadet. But Senator Clark Parent did not agree with Senator Ebrane Cadet and said he saw nothing wrong with the second preamble. [passage omitted]

Nothing important was decided, but the tone of the debate was interesting. The situation has reached a deadlock on the matter of a prime minister. There is disagreement on the Theodore question. One sector says that this preamble cannot be included in their resolution because it is not their duty to make proposals and that, if they are working out a document having force of law, it cannot be included because, it will not be credible if an observer realizes while reading the resolution that the Senate had made proposal.

According to Senators Dupiton and Serge Joseph, it is out of the question that there be two presidents. Can the Rene Theodore matter be considered now, because nothing about President Joseph Nerette has so far been said?

The senators did not manage to solve anything. That is how the situation was in the upper chamber on 12 February. [end recording]

## Aristide on OAS Inaction, Human Rights

*PM1302175092 Rotterdam NRC HANDELSBLAD in Dutch 10 Feb 92 p 5*

[Report on interview with exiled Haitian President Jean-Bertrand Aristide by Reinoud Roscam Arbing in Caracas on 7 February]

[Text] Caracas, 10 Feb—"Hopefully history will not need to pass judgement on the 34 countries which were unable to say 'no' to a criminal and his gang who are responsible for 2,000 deaths and 20,000 refugees. It is still not too late to restore democracy in Haiti, but then these countries would have to do what they should have done from the beginning."

Jean-Bertrand Aristide, the president of Haiti ousted on 30 September last year, is very angry about what he sees as the passivity of the Organization of American States (OAS). Around four months after his enforced departure, the Haitian junta under Lieutenant Raoul Cedras seems to be in the saddle more firmly than ever, and there seems to be less chance that Haiti's first democratically elected head of state will return to take up residence behind the white pillars of his palace in Port-au-Prince.

Aristide's temporary residence in Caracas is hardly suitable for a head of state. In villa La Vineta, part of the military recreation resort of Circulo Militar, Aristide is the guest of his Venezuelan counterpart, Carlos Andres Perez. His guard of honor watches over the Haitian head of state with submachine guns. Since the attempted coup by the Venezuelan military last Tuesday there are more red berets than usual in front of the villa.

Today—7 February—it is exactly a year since he was installed as president. Under a portrait of Venezuela's

liberator, Simon Bolivar, the ousted priest-president speaks quietly and seriously. Gold glistens on his wrist, around his bespectacled eyes, and on his cuffs. Now and then he uses the royal we, but it could be that he is referring to himself and his circle of advisers.

[Aristide] I have a clear conscience. We tried to do what we had to do. I feel a bond with the victims; more than 2,000 people have been killed. More than 20,000 others have left the country as political refugees. Their rights were not being respected. They are now being forcibly returned to Haiti, where the most severe repression reigns. What we are doing, we are doing out of love for the people. This is thus a test of our love.

[Arbing] Do you think that the international community—and the OAS in particular—is doing its best to return you to power?

[Aristide] It is a disgrace that after more than four months 34 countries are still talking about the way in which they must help democracy in Haiti, while in Haiti a criminal and his team are continuing to murder people. Although the whole world is against dictatorship, in Haiti it is a fact.

[Arbing] Not only has the diplomatic offensive of the OAS so far failed to force Haiti to make concessions, the trade embargo imposed by the OAS against the already impoverished Caribbean state has brought the conditions of the poorest to below the survival level. Encouraged by the repression, they have fled their country in their thousands in ramshackle boats.

Those of them who were saved by the U.S. Coast Guard have been given temporary shelter in camps of tents at the U.S. naval base of Guantanamo in Cuba. The Haitian boat people find champions only among circles of human rights activists, among Cuban Americans with a similar history of emigration, and in the UN High Commission for Refugees. In vain. The U.S. Government last week resumed enforced repatriation, because it is unwilling to view the majority of requests of asylum as political. In this election year massive immigration would give rise to an unwelcome wave of poverty and a new influx of the AIDS virus that is carried by one in ten Haitians.

[Aristide] The very people who say that they respect human rights, do not behave as if they do. In fact there is no respect for these people, nor for democracy—and everyone can see that.

[Arbing] The United States recently relaxed the trade embargo against Haiti, and it says it did so to relieve the worst poverty among the poorest Haitians.

[Aristide] To restore democracy a total embargo is the only solution. I have been saying that since October and I still believe it. The United States professes to want to restore democracy in Haiti, but its approach at present has the opposite effect; the killing continues.

[Arbing] Do you still rule out a military intervention as a means of returning you to power in Haiti?

[Aristide] Yes, I want no military intervention in Haiti. With a real and total embargo we must be able to solve the problem.

[Arbing] Haiti, which has been independent from France since 1804 and is the oldest black Republic, has a long tradition of lightning coups.

[Aristide] Jean-Claude Duvalier, the last dictator, had to leave the country within a couple of hours. That was also the case with General Henri Namphy, as it was with General Prosper Avril. How can Cedras still be there if there are no important forces behind him? I mean the money that comes from the drugs trade, from contraband and corruption, economic and political power, both inside and outside Haiti.

[Arbing] The coup was financed by the Haitian elite, who saw a threat in "people's priest" Aristide and his Lavalas movement to their more than comfortable life on their little islands of luxury surrounded by the slums of human degradation. But shortly after the coup there were also reports that seven months of Aristide had produced a far from unblemished human rights record. Aristide is supposed to have publicly welcomed a popular lynching method—called the Pere Lebrun, after a local importer of car tires. The victim gets a gasoline-filled tire around his neck and the tire is then set on fire. How does the president react to this criticism? By raising his voice, at least.

[Aristide] In my seven months there was not a single Pere Lebrun. Never, never, never. Unfortunately the first case that we had took place on 30 September last year, the day of the coup. The incident was a ruse by the military to say to international public opinion: Look what is happening. This is why we have to restore order here. They are lying in order to justify their crimes against humanity. They lie when they say that I did not respect human rights.

### Correction to Senate Executive Proposal

*FL1302185692*

The following correction pertains to the item headlined "Senate Rejects Executive Proposal on Appointments," published in the 7 February Latin American DAILY REPORT, page 7.

Column two, third paragraph, second sentence: ...of the senators by $800. According...(rewording)

## Report on Free Trade Agreement Negotiations

*PA1302190692 Mexico City Red Nacional 13 Imevision Television in Spanish 1300 GMT 11 Feb 92*

[Report by Claudio Guzman; passages within quotation marks are recorded]

[Text] Mexico, the United States, and Canada already have the text of a possible joint North American Free Trade Agreement. This was announced by the ministerial representatives from the three countries who have been working since June 1992 on the configuration of what could become the world's strongest free trade zone.

Here is a statement by Jaime Serra Puche, secretary of commerce and industrial development:

[Serra] "We discussed some pending points in the consolidated text, and identified specific points that are still unresolved. In that regard, the heads of the delegations were instructed to travel to Dallas to negotiate those points."

Serra Puche reaffirmed our country's criteria in regard to the purpose of the negotiations:

[Serra] "We are negotiating the best treaty for Mexico's interests."

Meanwhile, U.S. Trade Representative Carla Hills said the preelection situation in her country will not affect the negotiations.

[Hills, speaking in English] "From my point of view, politics is not a cause for delay or derailment. President Bush has said quite clearly that he favors trade liberalization and favors a North American Free Trade Agreement."

Canadian International Trade Minister Michael Wilson stressed the strength the trilateral project has gained.

[Wilson, speaking in English] "You have made some observations on the current political scene; it remains to be seen what the current political picture will be at the time that the negotiations are completed. Fear and clearly [words indistinct] on us as negotiators and administrators responsible for the negotiations to come up with a text which will gain the support of our legislators, and that is what we are firmly committed to and are working very hard to achieve."

Other important points mentioned at the news conference were:

1. The areas of agriculture, textile and automobile industry were included in the consolidated text of the possible treaty.
2. No date has been set to conclude the negotiations.
3. A meeting will be held in Dallas, Texas, to define concepts and overcome problems in each of the 18 working groups.
4. Environmental protection and labor aspects will be simultaneously analyzed.
5. The agreement will seek to make the North American automobile industry competitive in the world market.

[Serra] "We discussed the automobile industry, and concluded that we now have better knowledge of the current situation of the automobile industry in our three countries. We reaffirmed the Zacatecas commitment to make the North American automobile industry competitive."

The ministerial meeting continued after the news conference, specifically to discuss agricultural matters.

## Crude Oil Production Figures Released

*PA1202031592 Mexico City NOTIMEX in Spanish 0046 GMT 11 Feb 92*

[Text] Mexico, 10 Feb (NOTIMEX)—Mexican Petroleum (Pemex) recently reported that at the end of 1991 crude oil production increased to 2.676 million barrels per day [BPD]. According to Pemex, this volume was sufficient to satisfy internal needs and foreign demand.

In its preliminary report, the state owned enterprise points out that from January to December 1991, Mexico marketed approximately 1.3688 million BPD to its clients in America, Europe, and the Far East. This figure represents nearly 57 percent of Pemex's production.

The remaining 1.3072 million BPD were channeled to industrial areas for refining to be used to satisfying internal demand for crude oil, refined oil, and raw materials.

Pemex reported that during 1991 the offshore region remained the leading crude oil supplier with an average daily volume of 1.904 million barrels. This region was followed closely by the Mesozoic area of Chiapas-Tabasco, which supplied 587,000 BPD. The remaining 185,000 barrels were extracted from other regions throughout Mexico.

During the same time period, Pemex obtained a daily average of 3.634 million cubic feet of natural gas from its offshore and land-based oil fields.

The main natural gas producing region was the Mesozoic Chiapas-Tabasco region, where 1.656 million cubic feet were recovered. This region was followed by the maritime region with 1.160 million cubic feet. The remaining 818 million cubic feet were extracted from other areas.

## El Salvador

### Copaz Installs Group To Organize Civilian Police

*PA1302204092 San Salvador Canal Doce Television in Spanish 0300 GMT 13 Feb 92*

[Text] On 12 February, the National Commission for the Consolidation of Peace [Copaz] installed the new commission that will work to implement the new National Civilian Police [PNC]. The group will have eight members who, from 12 February, must organize the new security corps.

Deputy Mario Aguinada Carranza, temporary Copaz coordinator, swore in the eight members of the commission who will be in charge of organizing and implementing the new PNC. Each commission member represents a section of Copaz. This is the first time for former enemies retired General Adolfo Blandon and Commander Joaquin Villalobos to meet as part of the same organization.

[Begin recording] [Blandon] We must start working as soon as possible in this subcommission in order to comply with this very important mission.

[Villalobos] I want to take advantage of this meeting with the media to call on the international community to notice that this agreement, which provides for the new police, needs financial resources in order to be implemented. This is what will assure that the plan will operate well.

[Unidentified speaker] This is a challenge; there are many things we still do not know about this. I understand that Copaz has not yet presented the police law. We really do not have much to say at this point, other than this subcommission must soon meet to elect leaders, get organized, and start working. [end recording]

This commission is the first and fastest Copaz achievement, even though it is 12 days late. The Agrarian Commission, appointed 12 February, will be sworn in on 13 February.

A list of candidates to be director of the Public Security Academy and to be academy members has not yet been prepared.

### Merino Comments on FMLN's Socioeconomic Plan

*PA1402151592 San Salvador Canal Seis Television in Spanish 0200 GMT 11 Feb 92*

[Text] Vice President Francisco Merino has welcomed in principle a socioeconomic plan presented by the Farabundo Marti National Liberation Front [FMLN] on the morning of 10 February. He said, however, that it should be supported by all segments of the population. Jose Luis Magana filed this report:

[Begin recording] [Magana] Vice President Merino said the first stage of troop withdrawal has occurred without problems. He pointed out, however, that common criminals have intensified their actions since the withdrawal of two security corps.

[Merino] The peace agreements specify no mechanisms to prevent these crimes from going unpunished. There is virtually another wave of terror.

[Magana] Merino urged citizens to report theft attempts to the National Police, because this is the only way to combat the terrible scourge of delinquency.

Meanwhile, on the morning of 10 February the guerrillas presented a socioeconomic plan to restructure Salvadoran society by effectively distributing land and creating new jobs. Although the vice president said he agrees with the plan, he said that there must be a comprehensive solution to the country's problems:

[Merino] Their political project must be more specific in order to allow the people to analyze and compare it with the proposals other political forces have presented in the past.

[Magana] The arrival of guerrilla members in the country and their constant presence in the media is a positive development for the process, Merino said. He added, however, that the Nationalist Republican Alliance does not view the FMLN as a strong political opponent, because appearances are deceiving.

[Merino] We must not confuse the mobilizations for parties at the town squares—amid the euphoria caused by the fact that they are appearing in public for the first time, that there are drinks, dancing, soda, and happy times—with the exact moment when each individual will be called to cast his vote.

[Magana] Merino attended the inauguration of a seminar-workshop for small businessmen financed by the Inter-American Development Bank to assist the country's economic development plan. [end recording]

### Rebel Commander Discusses Future Role of FMLN

*PA1402142092 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 12 Feb 92*

[Interview with Amilcar Gonzalez, major of the National Army for Democracy and member of the Modesto Ramirez Central Front Joint Command, by unidentified reporter in Radio Venceremos' studio—live]

[Text] [Reporter] Welcome to Radio Venceremos' studios. We have learned that in this period of struggle, now that the war is over and we have entered the political struggle, the Farabundo Marti National Liberation Front [FMLN] has a new political challenge in the urban areas. What sort of political party is the FMLN proposing to the people for this new time in our history?

[Gonzalez] The most important characteristic that the FMLN political party will have is that it will be a permanent party; that is, it will be different from the country's traditional political parties that resemble kites

that appear only at election time. The FMLN will create a political party that will be permanently active, meaning the FMLN will have something new to offer. It will be much more than a just a political party. The FMLN will be a new broad social movement or a broad, civic, and cultural movement that will always be active and will always be where the largest social sectors can participate in it, meaning every sector of the country's mainstream will participate.

[Reporter] We have learned that for the 1994 elections, many FMLN members and persons from other sectors have said the FMLN will merge with other parties to participate in those elections. What can you say about that?

[Gonzalez] The FMLN cannot be viewed as just an electioneering party. As I told you, the FMLN will be a broad political, social, and civic movement. Its tasks include, of course, participating in elections. The FMLN cannot be viewed only in terms of the elections. I want to make this clear. Going back to your question, that is our plan. There are different perspectives on this. Based on the political and social strength that the FMLN demonstrated throughout the years of war and all the potential we have seen now that the war is over, the FMLN is becoming a truly powerful force in the national sphere. We are very willing to reach a pact with all social and political sectors of the country that support a consolidation of all the changes that have been achieved; that is, that support a consolidation of the [words indistinct]. In this respect, the possibility for rapprochement, pacts, and agreements with other forces must exist.

[Reporter] What role do you think the FMLN youth must play in this new historic phase that the country is experiencing?

[Gonzalez] The young people, as well as all the sectors of society, have the great challenge of struggling to achieve total consolidation of the agreements reached during the negotiations, meaning, in the specific case of the young people, they must really take an interest in joining the National Civilian Police; they must really strive to enforce all matters mentioned in the agreements dealing with economic and social aspects, as well as all other aspects. In the specific case of what the FMLN political party is, young people have a great opportunity. The young people of El Salvador have the first historic opportunity to be represented by a large political party in which not just the young people but all sectors will be represented. The young people's role in the FMLN will be of the utmost importance, because a large number of El Salvadorans are young. The future is ours. Young people will see in the near future that all the changes we attained through the struggle or the democratic revolution will become a reality. In this respect, we have the obligation to participate.

## Villalobos on FMLN's Future, Reconstruction

*PA1202201592 San Salvador TCS Television Network in Spanish 1305 GMT 10 Feb 92*

[Interview with Commander Joaquin Villalobos of the Farabundo Marti National Liberation Front, FMLN, by unidentified reporters in El Salvador on the "Face to Face" program; date not given—recorded]

[Text] [Reporter] Good morning, Mr. Villalobos.

[Villalobos] Good morning and thank you for inviting me.

[Reporter] Mr. Villalobos, during this period—particularly during January and February—meaningful changes have taken place in our country. On 16 January, there was the significant agreement signing at Chapultepec Castle, and on 1 February, the so-called D-day, when our nation began a new phase. Before asking the questions we have regarding participation by the Farabundo Marti National Liberation Front [FMLN], we would first like to ask you what the FMLN's attitude is, given its new political position in this awakening of Salvadorans, toward the necessary reconciliation that we must undertake?

[Villalobos] Our attitude has been clearly set out in all our statements and remarks since our arrival here. The FMLN—after signing the agreements—feels committed to the nation's stability, to the need for a true reconciliation process. The FMLN firmly believes the signed agreements establish the foundations for true democracy in the nation. Based on this true democracy, we believe many Salvadoran problems can be solved.

[Reporter] What is important here is that, although the community feels a certain security within the framework of the agreements, differences are starting to arise on certain points. At one point, it was with the so-called amnesty law. Then, the ongoing land takeover issue was front-page news. We heard statements about this by President Cristiani and [name indistinct] Martinez. What is really happening? The FMLN is being accused of fostering illegal land takeovers.

[Villalobos] I want to say two things: There is a logic here on how events are going to develop that is similar to the one followed in the agreements. Before important problems were resolved, there was a critical cycle that occurred throughout the negotiation process. If we do not go through a critical cycle before solving an important problem, the decision reached will have to be questioned. Regarding the land issue, this was one of the most complex issues of the negotiations. Even though the agreements are irreversible, the road is not going to be easy. We are going to face some difficulties, and this is going to be one of the most serious.

The truth is that there are no land takeovers; currently, there are no land takeovers going on. What is happening is that there are differences in the interpretation of the agreements; there is a problem of interpretation. There is no plan calling for people, peasants—peasants without

land—to occupy land that is in the hands of its owners. The agreements established that the residents and workers—residents and/or workers is the exact wording—in the conflict areas will have access to those lands. A very high percentage of the land in the conflict areas is abandoned. The problem is, that at times, there has been an interpretation, basically by the government, that the lands to be assigned are those that are productive.

We never accepted this during the negotiations. We must take into account the fact that productive land is very scarce in the conflict areas. That would mean that instead of providing a structural solution to the problem, it would appear to be a charity handout produced by distributing a few land parcels. The greater problem would be left unsolved. One of the points is to identify the conflict areas' boundaries. It is not so much-....[pauses] it is false to state that there are land takeovers. These are lands that are not in production, these lands were abandoned, although another percentage of these lands is productive. In the specific case of Usulutan, on a farm on the coast of Usulutan, for example, the National Guard attempted to evict peasants from property that they had farmed for three years.

[Reporter] We have heard certain statements by persons involved in this issue who claim their lands have been taken. Within the framework of the agreements, it has been set out that the current state of land holdings will be respected within the conflict areas until a satisfactory legal solution is found.

Furthermore, the agreements mention that legal solutions to definite land tenancy will be through a voluntary transaction [compra-venta] between the legitimate owners and those who occupy the land. Are you preparing an inventory of what you call land within areas of conflict? Regarding the voluntary sale of land, yesterday we read statements in a newspaper by either the president or manager of FINATA [National Financial Institution for Agricultural Lands]. You were quoted as saying that these lands would not be purchased. What are your comments on both of these questions?

[Villalobos] No. Regarding the first question, land within conflict areas will form part of a claim from the social grass roots that have been linked to the FMLN, and we already have an inventory perpared. What we have not been able to resolve and hope to resolve this morning in a meeting with Copaz [National Commission for the Consolidation of Peace] is the structuring of the commission that will deal with this point. Regarding the sale of land, we agree. We signed that agreement and, in fact, this is an element of stabilization. We believe that if most land owners realize that it is best to sell, then this point will not be much of a problem.

[Reporter] Within the framework of legality, if land takeovers took place, and ONUSAL [United Nations Observers for El Salvador] was able to verify it, would you allow the Armed Forces to dislodge the occupants?

[Villalobos] We have never agreed with that procedure. We believe that such a violent procedure has been the cause of war and a serious problem in our country, and we do not believe it is right. What is more, the government made provisions in the agreement negotiations with regard to what the government calls applying the law, which must be interpreted as violent evictions—at least this is how we interpret it. We have stated that other policies should be followed, that this is a social problem and must be addressed differently. The war has taught us a very hard lesson on how these things should be resolved. There are areas protected by the agreements and others that are not covered by the agreement. Within that context, we believe a reasonable solution should be sought, starting with what we would call the legality of the negotiations. That is what the agreements say.

[Reporter] People have called our studio this morning to say that landowners in conflict areas in Chalatenago Department met with the people living on their land to find a solution. In other areas of the country, such as Morazan Department in eastern El Salvador or in other conflict areas, have owners begun to meet with the people living on the land to reach some sort of agreement?

[Villalobos] Not in such an organized manner. I am glad this is already taking place in certain departments. I consider this attitude to be exemplary. I say that cases such as those in Chalatenango and Morazan Departments are perhaps the areas least critical because most are owners of small and medium-sized plots of land. In the cases of Usulutan Department and southern San Vicente Department, there will be more conflict because the land is worth more. The same goes for some Cuscatlan Department areas and San Salvador Department—places that may present problems.

[Reporter] Recently the coffee sector or ANEP [National Association of Private Enterprise] reported that the FMLN has continued to charge war taxes in various areas of the country, even after the agreements were signed. Why is this?

[Villalobos] No, no, that is totally false and if someone is still paying a war tax, he or she should stop doing so and report it as a common crime. The cease-fire agreement expressly forbids such activities. I cannot recall the actual wording. It says it somehow. Anyway, now that the war is over, all such related activities are to stop, so that is not true. What is true is that within the context of war, fairly well-organized criminal activity began in the country. For example, I will state something in technical terms. Many people were involved in criminal activities and passed themselves off as members of the FMLN. One need only study the procedures to know if they were indeed members of the FMLN or not. When the FMLN charged war taxes, it did so directly, with armed men in the area. There are people who have paid war taxes clandestinely, such as by leaving the money under a tree. We have nothing to do with that.

Our procedures were direct because our presence in the area was direct. We dealt with administrators. In other words, there was no doubt there was a relationship with the FMLN. Furthermore, we not only imposed war taxes but established certain understandings regarding the workers in the area. We were not dealing with a single issue—the war taxes—but with other social issues as well.

[Reporter] Do you have any sort of internal procedure for investigating whether or not these incidents are really taking place? Many people insist that members of the FMLN are collecting these taxes. We have asked members of the Army about this also because sometimes individuals who have been dismissed commit crimes. You must employ that same mechanism, because many residents of rural areas have complained that they are still paying these taxes.

[Villalobos] I think that under the current circumstances, it is much easier to investigate that type of incident by using, for example, the ONUSAL mechanisms. In addition, our forces will be concentrated in certain areas. Under these conditions, we will fully cooperate to resolve the issue. This is of interest to us because for many years certain people have taken advantage of the situation, as we have always said. It is not only the FMLN that has exacted war taxes—and the FMLN did so for a specific political purpose that we stated in the agreements—but there have also been individuals who have done many things for personal reasons. That constitutes common crime, which has been carried out in a very organized fashion. In some regions we would see members of the Armed Forces collecting war taxes, perhaps not for the institution but for themselves.

[Reporter] It is stated within the framework of the agreements that the FMLN will supply the ONUSAL chief with detailed information on its total membership and with inventories of its weapons, ammunition, mines, explosives, and military equipment throughout national territory. It has been said that the figures stated by the FMLN in its weapons inventory are not accurate. What do you say about this?

[Villalobos] The issue is related in technical terms to the procedures established during the negotiations. We did not promise to discuss or negotiate this issue with the government but to present the information to ONUSAL. Regarding the reduction plan, the government did not pledge to discuss it with us, although we could state our opinion, approve or disapprove, and agree or disagree with the government's position on this issue. The figures we presented strictly adhere to our pledge to send our weapons' inventories to the United Nations. That is the truth and any opinion to the contrary is speculative.

When the government presented its reduction plan, it alleged it had 63,000 troops, which is totally false. The Army has had 35,000 to 38,000 combat troops and an unspecified number of service troops. However, any FMLN debate on that issue would also be speculative. We cannot say the Army has more or less troops. We were right however, when we said—because we had specific and verifiable information regarding the number of officers—that the Army has 2,100 officers, and as a result of the reduction this figure will increase to 2,320 officers. We said that is unacceptable.

However, there is no pledge to turn this into a discussion; our actions are based entirely on good faith, and we are fulfilling our pledge. Any remarks concerning this issue, such as saying that we have more weapons and men, are totally subjective.

[Reporter] Perhaps this speculative atmosphere exists because the civilian population is worried that what happened in Nicaragua could happen here. The FMLN has shown its resolve and signed an agreement, but weapons could be misplaced along the way and a small or large number of them could be hidden by individuals who are dissatisfied with the agreements. They could use the weapons to create another serious problem for the Salvadoran people.

[Villalobos] The problem is twofold: We must first consider the strict fulfillment of the agreements; I think this is a fair concern of everyone involved. We are working on that aspect. There is another aspect that is much more important. The true problem is not the arms, although our concern over the reduction of the Armed Forces is logical and reasonable. It is important to create a framework that will lead the country to a situation in which the Army can be subjected to civilian authority. The problem here is to eliminate the reason for the arms to exist. To the extent the agreements are fulfilled and a different climate is created, it will be much easier to solve these types of problems should they present themselves. I think it is very unlikely we will have a situation similar to the situation in Nicaragua. Our process has been more orderly and is proceeding according to schedule. I would not say there will not be problems related to land ownership. Generally speaking, however, I do not think we will return to a situation of war. That would be highly unlikely.

[Reporter] I have a question regarding the arms inventory presented by the FMLN in the central zone. What will happen with the groups that operated in San Salvador's urban zone?

[Villalobos] They have already been accounted for. According to press reports, personnel and materials have been transferred to those areas.

[Reporter] Let us now talk about Copaz' work. Is Copaz working well and complying with its objectives?

[Villalobos] We are behind schedule. Politically speaking, however, I think we are doing very well. So far, no decision has been made in Copaz through the majority. We hope there will be no need for such a mechanism. The problem we are having is that we are behind schedule. This might prove counterproductive because, if such delays become a habit, it could affect all the agreements and negotiations. Generally speaking,

there are difficulties in the commission, such as the economic and social aspects. I hope we will be able to settle these points today, and I hope we can fulfill all of our scheduled commitments.

[Reporter] Now that we are talking about the economic and social aspects, I have a question: The people are optimistic about the agreements and how they are being fulfilled, but they want to hear debates on certain points, such as national reconstruction. We have already heard the viewpoints of several private business unions. Considering the FMLN's responsibility for the damage to the country's infrastructure, how will the FMLN contribute to national reconstruction?

[Villalobos] Regarding the reconstruction plan, we do not think this is a program established by a government that has been elected. The plan is a platform for the economic takeoff that can provide stability in the country. That is why we regard the government's stand of closing the door to a policy of concerted effort as mistaken. We have not discussed the plan with the government. The agreements stipulate that the government must listen to our views on the reconstruction plan. We have several points of concern. For instance, during the war, the money mailed home by those living out of the country, as well as the U.S. resources allocated to the country, were used for speculation. The national reconstruction funds should be kept from going through a speculation stage and losing value with the passage of time. We are also concerned about an election-oriented existentialist policy. We think this plan is not just something to be played with in the framework of the 1994 elections. In addition, we must realize the war has split up the country. Aside from the FMLN's direct efforts to participate in the reconstruction plan—expressed specifically through the useful changes of many FMLN followers, militants, combatants, and rank and file—the FMLN is also willing to provide the international community with the certainty that this will be a stable plan supported by the FMLN. We cannot, however, support something we have not discussed or on which we have not even expressed an opinion.

[Reporter] You have made statements that perhaps you can [words indistinct] a little more. In the first place, when the reconstruction plan was presented, a contingency period was included in a medium-term phase that was subject to the availability of international aid. In this regard, is it the medium-term phase that you do not agree with? Of course, all this is based on the fact that the money must come from abroad and go through a bureaucratic process. In the second place, the community is very interested in learning about the conversion of FMLN members, perhaps because they are fighters who have been away from the productive sector for 10 years. Maybe we can discuss the training program they will enter before joining the productive sector. In the third place, you mentioned the consensus on the [words indistinct]. Specifically, do you think you will be able to obtain funds to help the nation's [words indistinct] in the same way you have been able to obtain funds for your movement?

[Villalobos] Undoubtedly, the FMLN had a certain ability to procure funds throughout the war. For many years it was said that the USSR and the Eastern European nations sponsored us. To tell the truth, 95-98 percent of the funds used to keep the FMLN fighting the war came from the West; a large amount came from the United States. The FMLN is willing....[pause] even some of the comrades who are not in the country—as is the case of Salvador Samayoa, Jorge Shafik Handal, and Mercedes Letona—are all currently engaged in promoting projects linked to our social bases and the productive conversion of our fighters.

As for the productive transformation of our people, the FMLN is very interested in turning the rebel camps into preparatory schools in keeping with what should be the next steps that must be taken by our people in their institutional and civilian life. We have been holding talks with different universities. I do not know—because I am not in charge of that specific area—if they have already initiated contacts with the Education Ministry. We know the ministry said there is a willingness to cooperate. This has to do with the cultural level of the fighters, even those wishing to join the national civilian police. It also concerns people who will have to join our country's productive activities. If anyone is really interested in the productive conversion of the people, it is the FMLN. We are aware that this is not only a matter of being responsible for our people, but it is also a matter that is linked to the FMLN in political terms. People need to feel secure so a solid political program can be implemented. We are already working in that direction by preparing our people.

There is one more thing: There are many FMLN members who used to be peasants and who owned a medium-sized plot of land; some of them even owned more than 100 manzanas of land. We must bear in mind that if the war is analyzed as an organizational phenomenon...[30-second break in reception]

[Reporter] I apologize for this brief interruption. I will now continue with Mr. Joaquin Villalobos. We are discussing the national reconstruction plan. We left off at the first question as to how you will...[pauses]. You have seen the national reconstruction plan, which refers to a contingency period and recovery within the medium-term. I was asking if this depends on international cooperation, and I was surprised by what you said about the efforts that are being made to obtain help, especially in light of the fact that during an interview with Monseignor Rosa Chavez, he spoke of the danger of having two types of Salvadorans, and in light of the fact that aid will not be channeled by just a single institution.

[Villalobos] The last statement you made is established in the agreements. The former fighters will have direct access to foreign cooperation, and we are aware we have

duties and cannot rely solely on the government. In response to your first question, our position is that there should be an agreement. There should be mechanisms of participation, and this is not at all a stubborn position because we are not trying to impose this FMLN position. We are also aware that these decisions depend on the overall amount of foreign aid we receive. I believe that if we all agree on the plan, it is very likely we will receive aid.

Perhaps some people believe that to give another force a little room in this plan—which is a postwar plan—is the same as establishing a co-government or something that will undermine the government's legitimacy. That is not at all the case; I believe it will exalt the government. Just think of the implications: After being in a war, a joint force that includes the FMLN is supporting the government and will receive direct cooperation from the international community. This makes us feel secure about what we are planning to do in the country.

[Reporter] In the past, the FMLN tried to establish contact with the country's business sector. Now that you have joined the country's life, have you held meetings with the business sector? What would be the purpose of such a meeting if it was held today? Do you plan to hold such a meeting?

[Villalobos] We have always wanted to establish contact with the business sector because we believe there has been an ideological barrier regarding the view that sector has held of the FMLN. Even now, I am told, there are businessmen who believe that some of the FMLN's positions are tactical and do not fit in with their ideas. I believe that with what has happened in the world, the time has come to make changes in the negotiations, to be realistic and objective, and to have a little confidence in this situation. So far we have only established informal contacts with the business sector, but there has been an atmosphere of reconciliation. This is positive. We have received a great deal of support, and the atmosphere has been one of reconciliation, which I believe will prove helpful. For the time being, however, we have only established informal contacts.

[Reporter] There has been a great deal of talk about the popular organizations during this new phase for all Salvadorans. It has been said that in this new phase some of the popular organizations should be restructured. What is your view of these organizations during this phase?

[Villalobos] I believe the decision to reorganize is up to those organizations. In this regard, generally speaking, something is happening. There are individuals who believe the FMLN is responsible for every social or trade union struggle in the country. There is a tendency to believe the FMLN has only to lift a finger for a strike to be staged. The war itself was not the FMLN's fault. The war was not something that came from the heads of three or four leaders. It was the result of a situation. I believe we must prepare ourselves to be very tolerant and understanding as this is part of the democratic culture. It is not a sin to have a union. We must learn to....[changes thought] In any country in the world that describes itself as democratic, that is part of day to day life. To fail to understand that is to continue to believe that there are two types of human beings in this country: those who have money and those who do not.

[Reporter] What role did organizations such as the UNTS [National Union of Salvadoran Workers] play within the framework of the FMLN struggle?

[Villalobos] I would refer to my earlier reply. These organizations did not play a direct role with the FMLN as an organization; of course, they did play a role that coincided with the FMLN and its aspirations. For example, the UNTS emerged when Jose Napoleon Duarte's government applied a series of economic measures that generated instability in the country. Afterward, the UNTS, as well as the Debate Committee, emerged as a result of a great effort to negotiate. These organizations were formed and then became permanent organizations. It will be up to them to review those structures that were created for that point in time and see if they are still valid. It will really be up to these organizations to decide for themselves if they are to become more unionized or if they want to engage in more political activities and parties such as the FMLN. In other words, changes will be made but the decision on these changes has to be made by the groups themselves.

[Reporter] As part of this process that we Salvadorans have undergone and within the framework of these agreements, we have the forum of economic and social agreement that has occurred with an equal participation of the government, business, and workers sectors. We have heard some of your statements when you were asked several times about the economic model you intend to follow. The truth is, there are many sectors who feel uneasy. For example, last week there were two interviews. One was with Mr. Jorge Shafik Handal who said he was still a Marxist-Communist. The other was an interview in which you spoke of a socialist trend, something similar to the trend in Europe. We asked members of the Democratic Convergence about the economic model, including questions on privatization, and they stated their positions. What is your position on privatization?

[Villalobos] Allow me to reply in three stages. First, the economic model, including privatization and the ideology and doctrine behind it. I believe the problem you see has more to do with an ideological debate, something that is not very important. The other part is what is the FMLN's historic project in relation to its economic and political model. On this point we have no differences.

There could be a debate over whether the problems in Eastern Europe stem from the fact that incorrect theories were applied; that Marxist-Leninist postulates were incorrect; that a democratic system should have been applied; or that a state-controlled economy should not have have applied. But there should be no such debate, because I do not believe in them given that politics should be based on a country's reality and history.

[Reporter] Without going as far as Eastern Europe, Cuba is perhaps the most [words indistinct] the FMLN. Cuba will not move one step backward, as Mr. Fidel Castro said. What do you think about this ideological position?

[Villalobos] I believe the Cuban model, specifically in El Salvador, has no possibilities. It has absolutely nothing to do with us. We must bear one thing in mind: The FMLN operated within a geopolitical framework and Cuba was part of that geopolitical reality, just as Nicaragua and the democratic parties of Latin America were. The FMLN was part of this reality.

But it has not been part of our ideological reality and our projects, because what we are doing and what has happened in Cuba are two completely different things. If I were asked how democracy works in the United States—given that its people's participation in the elections is decreasing—and whether its democracy is jeopardized because the parties are no longer effective, I would refrain from giving my opinion.

I would rather not express an opinion. Similarly, I would not express an opinion on what is happening in Cuba and the way things are done in Cuba. I think such an opinion corresponds to the Americans. There is one thing I can assure you of: We do not want for El Salvador what is taking place in Cuba.

[Reporter] What do you think about privatization?

[Villalobos] We agree with privatization. Although Marxism has been stressed even further, I think Jorge Shafik Handal was even more specific in his interview when he said that we agree with free enterprise, but understanding enterprise as a broader concept. Usually, only big enterprises are regarded as such, in a very restrictive sense. There is a tendency to take for granted that big enterprises represent all enterprises just because they possess more, disregarding the fact that the majority should be the representatives. Social and cooperative properties are forms of private property, not state property. I will say something important regarding the negotiations: We had a big fight regarding bank privatization. Starting from the principle that we agreed with the privatization of banks, we favored the adoption of measures for a greater balance in the financial sector's property to make room for medium-size sectors. In other words, the sale of shares and the mechanisms to control credit through the Central Reserve Bank should give the country certain means for strengthening the medium-size sector. An economic polarization similar to the political one that has existed because of the war leads to the strangling of one sector by another. We think this leads only to political confrontation.

[Reporter] Let us talk a little about the FMLN's political activities, about which there has been much speculation. A little before 1994, FMLN statements have begun to be heard about forming a bloc or alliance with the opposition. Is this true?

[Villalobos] We are starting with that principle. The country must achieve democracy first, based on the agreements. A splitting of all political currents would be very harmful. The current trend revolves around the debate of the two or three big sectors—I wish there were only two, at least in this historical stage—on how we will consolidate democracy in the country. We would hardly play our best card at a time when there is a big project to unite the nation and even the adversaries in a national project through civic means. We favor a broad coalition of forces to consolidate the agreements after 1994.

[Reporter] Have your people talked with some political parties?

[Villalobos] We have been in contact with some political parties for some time now.

[Reporter] Have you discussed the possibility of forming an alliance?

[Villalobos] Yes, but not specifically, because elections are still a long way off. However, talks have already begun in that regard. Before the negotiations ended, this topic was not discussed much, but now we must start thinking about this more seriously.

[Reporter] Now that you have brought the subject up, I would like to mention something: In order to have a concerted agreement, there are points on which a consensus must be reached. For example, on the subject of privatization, there are doubts regarding a consumer protection law that must be approved by the Legislative Assembly. We recently discussed the matter with Juan Jose Marttel of the Democratic Convergence. When we asked him about the law, he did not mention price control, but other aspects, such as quality control, and so forth. Do you agree with price control?

[Villalobos] I think that there are two points here. First of all, there is something on which an agreement can be reached. We can reach an agreement on privatization, as long as it will effectively promote the democratization of properties and of the financial system in general. In fact, this is not contrary to the government's neoliberal policy. However, there are other areas on which we will disagree—but not to the extent that we will be pitted against each other as in the past—which have to do with the state's role. In defining the state's role, the ARENA [Nationalist Republican Alliance] government practically leaves the state without any attributions. This government has even dismantled institutions that were not founded by the Christian Democratic Party [PDC] or by any government opposed to the country's most important economic groups. It has dismantled institutions created by those same groups in the early fifties, such as the Institute of Urban Housing.

This is where we have a different position. We are in favor of a policy in which the state will guarantee.-...[pauses] we believe in a strong state that can fulfill its duties regarding education, health, housing, and so forth.

However, we are not proposing a state that controls property. That is very important.

[Reporter] What would be the scope of this policy, Mr. Villalobos? An important point for example, is the subject of banks. There is a law to strengthen the financial system. There have been criticisms, even from bank employees, regarding state control of banks instituted by the PDC and the way in which it conducted the agrarian reform. What should the policy be? Should we put an institution under state control on a trial basis and then privatize it, as has been done in other countries. The PDC did this and now admits it was a mistake?

[Villalobos] I believe we must be careful about this. It would seem that the private sector is right when it says that banks should be private institutions and that they should have never been touched. I think we must not forget the fact that it was because of the concentration of land ownership and the monopoly over the financial system that we experienced 11 years of war. That was one of the main causes of the conflict, and we should not forget that.

During the years when we had state-run banks, the impact on the economy has been milder. We must consider various options to resolve the problem. In this case, whoever controls the financial system has control over the country's economy, and therefore also has great political influence. There are two important areas of power that were not discussed during the negotiations: the media and the country's financial system. Credits are channeled by whoever controls the financial system, and this power could be used to strangle other economic groups. In the same manner, by monopolizing the media, a favorable or negative opinion can be created. Within a democratic system, there should be a real balance of power regarding those two aspects.

[Reporter] There has been much talk about the reduction of the inflation rate by the government in 1990 and 1991, from 19.3 percent to 9.8 percent. This in part was due to the absence of price controls and other positive factors. What other mechanism would you implement to reduce inflation?

[Villalobos] What we proposed to the government during the negotiations was to implement policies through concerted agreements [politicas de concertacion] within the structural adjustment plan, which would permit a fair and equitable distribution of the adjustments. Why? Because the contrary could create conflicts. Although technically a specific measure can be effectively applied to lower inflation, that technical measure could mean that thousands of people will be hungry and this could create discontent.

We can reach an agreement about the measures to be taken, but how will we manage to get an equal reaction from all, so that the workers, management, and the government will make an effort? This is why we stated that the cornerstone cannot be just to say: Here is the model and this is how things must be. The cornerstone is agreement. That is, we must get used to the fact that as of the end of conflict, the problem is to find ways to take everyone's interests into account in dialogue so as not to violate the essence of any plan. This is why we said that we cannot.... [pauses] We would have preferred to discuss some issues further, but we believe that if what the ARENA government says about the economy is true, then we will see this discussion in 1994.

[Reporter] When you speak of a practical reaction of the FMLN on these issues, how will the FMLN react? We need money to make these changes and the IMF and the World Bank are asking the Latin American countries to make structural readjustment plans, which hurt the people, as Venezuela has just proven....

[Villalobos, interrupts] And in the case of Nicaragua.

[Reporter] That is right. How, then, will the FMLN react given the fact that there have been such conditions put on giving us money?

[Villalobos] If we come to an agreement, our reaction will be one of cooperation. However, if we do not come to an agreement and measures are taken at a technical and political level and simply implemented, obviously it will not come to be. Objectively speaking, in the case of Nicaragua, the plans that were in effect before the Chamorro Government, were plans that were developed with the same neo-liberal dynamics. Nevertheless, they were drafted with the support of the people. So you see that it is not the doctrine that matters, but how they are applied. We may have different ideas, but we are not going to discuss them at this time.

[Reporter] I have one last question that has nothing to do with the economic issues we have been discussing. Several days ago, you stated and admitted that the FMLN, within the context of the war, had committed some of the murders that public opinion has credited to the FMLN, such as the cases of Dr. Rodriguez, Dr. Torres Guerrero, more than 15 mayors, and so on. Which of these murders is the FMLN ready to admit and which would they agree to allow the Truth Commission to investigate?

[Villalobos] In the case of the Truth Commission, we have indicated that all those cases that the FMLN has been accused of committing should be investigated. In specific cases, the FMLN has recognized it actions, such as the case of the mayors, for example. However the FMLN cannot be held responsible for the cases of Dr. Guerrero and Dr. Rodriguez Porth, as such. These are not attributable to the FMLN. There are others, of this same type, to which the FMLN has admitted, for which we have political reasons to say that each specific case was correct or incorrect. When we mentioned mistakes.... [pauses] Let me make a quick summary of what we meant. First, we meant those mistakes due to problems that we had at the beginning, when our organizations were first formed. I also mentioned the problems created by contradictions which resulted in cases such as the Dalton case. Also, consider the problems of that very

ideological first phase of the FMLN. As I said once before, if we had to go through that phase again, the liberal ideas of the constitution and the social teachings of the Catholic Church would become elements encouraging the people to rise up, without departing from the reality of the country.

There were also the mistakes made in the urban war, some of which we have accepted, such as the car-bombs and the consequential victims that fell during the war. Although these were involuntary, the time came when we recognized that we were responsible. Then, there is the publicity concerning the use of mines, for instance. We must make it clear that the Armed Forces used mines and caused a considerable number of civilian casualties. However, the FMLN used the mines not only as a military weapon, but also as a psychological destabilizing weapon against the enemy, while the Army used them militarily and in a psychological war to counter propaganda against the FMLN. Most of the mines used in highly populated areas were placed by the Army, because our areas were less populated.

I am speaking in general terms, but there may be and surely are other cases. During the press conference, someone asked about Mr. (Yatsumoto), a Japanese citizen, and other such cases, which I think could be on the list of mistakes that we made during the war.

[Reporter] Finally, and briefly, will the Truth Commission decide which exemplary cases will be turned over to the courts should involvement in actions of this sort by several members of the FMLN command be confirmed? Would you agree that they should be (?punished)?

[Villalobos] I once told Colonel Vargas, I believe in San Jose and Costa Rica, that we would not mind if our comrades are jailed as long as Army personnel are treated likewise. This would give the country security and stability.

## Guatemala

### Serrano Comments on Recent Human Rights Reports

*PA1402022692 Guatemala City Teleonce Television in Spanish 0340 GMT 13 Feb 92*

[Text] President Jorge Serrano Elias has reasserted the government's determination to promote respect for human rights and emphasized that he wants to sign a peace agreement soon with the Guatemalan National Revolutionary Unity. Serrano made the statement during a 12 February speech at a Rotary Club lunch where he was a guest.

[Begin Serrano recording] Regarding the world's reaction to the human rights situation in Guatemala, that issue has been wrongly used for a long time. The human rights policy had become a means to repress and punish the people. In fact, the issue once represented an endeavor that gave prestige to whoever dedicated himself to this task. Many people have turned this into a means of making a living by going around the world defending human rights. Some people who defend human rights do it with good intentions, but others turn the task into a way to make a living. It is sad to see how past cases are still being used and turned into great obstacles to prevent our country from enjoying the world's cordial friendship and understanding.

Guatemala is one of the countries that has suffered the most from the human rights industry. We have to admit that the human rights industry has been encouraged by negative attitudes in the country. Bad legal procedures and bad attitudes have been revealed to the world. It is now easy to recall those cases and make us (?pay for them). It is difficult to find international allies who want to join our efforts to achieve progress and help us change. It is difficult to get the benefit of the doubt. But what hurts us most is that many institutions and persons are not objective enough to clearly analyze what is currently happening in the country.

Two reports have recently been reported in the country: one was issued by the U.S. State Department and the other by the Guatemalan attorney general. A third report will soon be issued by the UN human rights expert. The human rights problem in Guatemala is not a new problem; it has prevailed for several years. When I assumed the presidency, one of the first things I did was install a [word indistinct] in my office. My father gave it to me, and one of the things he most recommended was that, if the torch of justice ever reached my hands, I must make sure it shines alike for everyone.

I think I have followed those guidelines as president. I have protested against injustice, regardless of who is responsible. I also protest when an act of injustice is perpetrated against us because it condemns our country to remain immersed in a situation that all Guatemalans want to overcome. I have been president for a year, and I can readily assert that the human rights situation in Guatemala has improved. We have struggled against impunity and many cases that were considered taboo for judicial investigation have been unmasked.

It is difficult to ask a country that is attacked by rebel groups to behave like a country at peace. It is also completely impossible to ask groups involved in a difficult and, in my opinion, unfair and unnecessary situation to abstain from abuse. Nevertheless, we have done everything we can to place the conflict within a military context without affecting the civilian population. [end recording]

### Tension Reported Between Students, Armed Forces

*PA1302185992 Guatemala City EL GRAFICO in Spanish 12 Feb 92 p 11*

[Article by Walter Hermosilla]

[Text] Guatemala City, 12 Feb—The attack on the Association of University Students [AEU] headquarters has created tension between the Guatemalan Army and

the student community. The situation has worsened with the murder of a professor at the same university [not further identified]. Meanwhile, the judge appointed to hear the case has thrown it out of court because it is contrary to the law, and university students throughout Central America are protesting this decision.

Early on the morning of 30 January a bomb exploded at AEU headquarters, causing only material damage. On the same day, AEU leaders blamed the Army for the attack. Otto Peralta, student leader and AEU president, said: "On 30 January a paramilitary command, acting under the protection of the country's security forces, blew up AEU headquarters in an attempt to frighten the university community and the organizations that represent it."

The Defense Ministry has rejected Otto Peralta's statements because he has no proof that members of the security forces are responsible for the attack. In rejecting the charges, the defense minister said that slander charges will be filed against the student leader. The defense minister said the mechanisms provided by the law, such as the courts, will be used to file charges.

### Devine Case Partially Annulled; Appeal Sought

*PA1402011992 Guatemala City PRENSA LIBRE in Spanish 11 Feb 92 p 8*

[Text] Court of Appeals magistrates have issued a resolution partially annulling the case against six rank-and-file Army members accused of murdering U.S. citizen Michael Devine for procedural errors.

The defendants are Rafael Tiul Cucul, Pablo Lajuj Ismale, Andres Moreno Tipol, Benjamin Punti Reruch, Fabian Arevalo de la Cruz, and Agustin Esquivel Hernandez, who were on active duty in the Peten military zone when the U.S. citizen was murdered.

In the resolution, the magistrates ordered the military judge advocate to annul the results of all proceedings after 6 March 1991 as they were found to contain procedural errors.

The court magistrates declared that 32 actions are valid. The concerned parties have been notified and the case has been sent back to the military prosecutor in the central military zone to continue its process.

Mrs. Carole Devine has filed an appeal against the Military Prosecutor's Office, stating that it made procedural errors before the Military Court, which is why the magistrates decided to annul 75 percent of the actions in the case.

## Honduras

### Callejas Installs State Modernization Commission

*PA1402040892 Tegucigalpa Voz de Honduras Network in Spanish 1730 GMT 12 Feb 92*

[Speech by President Rafael Leonardo Callejas Romero installing the Permanent Commission to Modernize the Honduran State at the Blue Room of the Presidential Palace in Tegucigalpa—live]

[Excerpts] Messrs. former constitutional Presidents Oswaldo Lopez Arellano; Policarpo Paz Garcia; Roberto Suazo Cordova; and Jose Simon Azcona; Rolando Lozano Martinez, Honorable Supreme Court president; Congress Representative Donaldo Reyes; Luis Alonso Discuas Elvir, commander general of the Armed Forces; members of the diplomatic corps; members of the cabinet; UN Representative Paolo Berti; presidential designates; representatives of the various sectors of the country; political parties; private enterprise; workers and peasant sectors; ladies and gentlemen:

We meet this morning to install the members of the Permanent Commission to Modernize the Honduran State. It is very simple to say, but its meaning is deep. This morning, when I met the former Honduran presidents, I reflected deeply. We have been able to consolidate an initial phase of the Honduran political process. The men who are at this table and had the high honor of leading the fatherland's destiny are aware of their responsibility to seek the best path for the Republic.

For this reason, we should feel profoundly motivated, because we are at this meeting with the former presidents and the current heads of government branches to analyze Honduras' future. What steps should we take to reply to those who insistently demand an answer from the sectors with the least opportunities. The Constitution specifies that the president's term is four years. During this time, different opinions are expressed on the president's work. Some may be favorable, others may not. In essence, this is what democracy is all about. [passage omitted]

The idea of this commission is to have an in-depth dialogue between the different and diverse sectors that comprise the country. The commission will address the problems of those who need us the most within a democracy. Logically, we need a beginning and this beginning starts now, when we form this commission to modernize the state with the permanent presence; when circumstances demand—of representatives who will be appointed by the various sectors—according to the agreements we will deliver now.

For me, the most important thing is that this commission to modernize the state include the former presidents. This reflects the most important course: the democratic process. This is vital so that in the commission's forum, a permanent dialogue will be instituted. Here is where debate options will emerge, in itself the basis of the people's dialogue.

Congress approved the law to modernize the state and we are starting to execute this law. We do so within the general framework of a point of view very different from the one a few years ago. The world speaks of lack of economic attention; pluralism and democracy are society's alternatives. Now we speak of the transfer of administrative responsibility of the centralized municipal sector and the decentralized sector, the transfer of power to the national conglomerate. What should be the government's role in representing the state? How does the government coordinate its actions with the people's will? How does a government decide whether a decision should receive priority? What does popular economy and popular legislation mean? What is the people's influence in the general decisionmaking process? Should second level options be maintained or can the country have innovative alternatives, such as plebiscites? All this should be discussed in this commission.

The former presidents will have extensive and fundamental tasks because their experience and decisionmaking give this forum the experience and vision it needs to become what all of us want it to become: the cornerstone that permits long-range options that will define the type of social, political, and economic organization that we should have when we face the millennium. Honduras must be prepared. With this step, we will receive the people's clear message and structure it in a mandate. The deputies in the Congress did understand this and promulgated this legislation.

It is my greatest honor to be part of the commission with its first members. Within two years, I will be a former president and will participate in this commission to modernize the Honduran state the same way the former presidents participate as a continuation of what their presence here means. [passage omitted]

**Highlights of Callejas, Calderon Communique Cited**

*PA1402043092 San Pedro Sula LA PRENSA in Spanish 12 Feb 92 p 4*

[Text] In a joint communique, Costa Rican President Rafael Angel Calderon and Honduran President Rafael Callejas agreed to eliminate the visa requirements on diplomatic, official, and special passports. They also committed themselves to protect the environment, and they condemned the coup attempt in Venezuela, as well as the political instability in Haiti.

They reaffirmed their commitment to the principle of people's full participation in authentically representative and pluralistic political processes. They stressed the need that all the countries in the region respect democratic principles; human rights; the state of law; promote social justice, and guarantee civil and political freedom as well as economic, social, and cultural rights.

They condemned the recent episode that sought to alter the constitutional order in Venezuela.

Regarding Haiti, the presidents regretted the recent acts of violence that hindered the negotiations aimed at restoring democracy in that country.

They expressed their concern for the crisis that still prevails in Haiti and urged the OAS to continue searching for a prompt solution to the grave situation the Haitian people are facing.

Regarding Central America, the presidents expressed their satisfaction over the advancement of the peace agreements and for the agreements signed between the Salvadoran guerrillas and President Alfredo Cristiani's government.

Callejas and Calderon reaffirmed their willingness to comply with the agreements they signed at the presidential summits and urged the international community to support the economic strategy aimed at satisfying the basic needs of the Central American people.

They referred to the need to promote development in the area by renewing the integration scheme. To that end, they expressed their intention of submitting to the respective authorities the Tegucigalpa Protocol, which calls for the creation of a system for Central American integration encompassing all the regional structures and seeking institutional reorganization.

They expressed their satisfaction over the ratification and implementation of the Multilateral Transitory Free Trade Agreement in the Republics of Costa Rica, El Salvador, Guatemala, Nicaragua, and Honduras, representing an important step in the process for Central American integration.

Callejas and Calderon reaffirmed their willingness to continue working in a harmonious and coordinated manner toward the creation of a free trade zone between Central America and Mexico, Venezuela, Colombia, and other continental and extraregional blocs.

The presidents committed themselves to coordinate and strengthen relations in various areas linked to the promotion of investments and exports. Callejas and Calderon expressed their satisfaction over the results of the First Central American and Caribbean Common Market Ministerial Conference recently held in San Pedro Sula.

The presidents reiterated their determination to coordinate actions through the corresponding forums aimed at harmonizing the system of banana imports to European countries within the framework of the commitments to be adopted at the Uruguay Round negotiations according to GATT principles and regulations.

They agreed that drug abuse and consumption and their illegal trafficking constitutes one of the most serious threats that both developing and developed countries face. They agreed in pointing out that drug trafficking represents a problem of historical consequences for the region.

Concerning ecology, Callejas and Calderon agreed to note that the situation of natural resources and environment in the region requires strong measures to guarantee its preservation, renovation, and development.

Callejas praised his Costa Rican counterpart for his strong policy to protect the environment.

Both presidents agreed to exchange scientific technological information. In that sense, the technical representatives from each country will establish the procedures for this exchange.

The presidents also expressed their interest in the Central American Electrical Interconnection Project.

## Nicaragua

### Official Discusses FSLN, U.S. Issues

*PA1302234192 Managua EL NUEVO DIARIO in Spanish 10 Feb 92 pp 1, 6*

[Report on interview with Henry Ruiz, official in charge of international relations for the Sandinist National Liberation Front, FSLN, by Gabriela Selser; date and place not given]

[Text] [Selser] What happened in Washington with Bernard Aronson?

[Ruiz] "I traveled there in response to a semiofficial invitation that resulted from a joint effort by the U.S. Embassy and the Sandinist National Liberation Front (FSLN). This has to be understood based on the following: If the postulates of the aggression against Nicaragua are considered unchangeable premises, the FSLN's possible victory in 1996 will again lead to confrontation.

"In this regard, Violeta Chamorro once gave a campaign speech that was simple, clear, and precise. If the FSLN wins, the war will continue; if I win, there will be peace, because the enemies of the Sandinists are my friends. That is what happened."

Commander Ruiz revealed a fact about "our internal policy." In those days, former Soviet Foreign Minister Edward Shevardnadze warned the Sandinist leadership that James Baker, U.S. secretary of state, who accepted a hypothetical FSLN victory, had arranged to continue assistance to the contras for two years while the United States observed the Sandinists' "democratic behavior."

"I am convinced that if the FSLN had won, the war would have continued," the Sandinist leader said, adding: "These are political realities. Two years into the administration of the National Opposition Union, that group of parties has not become more cohesive or more homogeneous. Meanwhile, the Sandinists continue to be a compact mass, despite internal divergencies."

"The FSLN must begin to consider perspectives and the 1996 elections; if we are able to regain power through the electoral process and the confrontation with the United States continues, the old discourse about the war could reemerge. That is why the Sandinist leadership must work to eliminate the hypothetical confrontation."

[Selser] In other words, your reasons are merely concern for the election?

[Ruiz] "No. It is necessary to take into account the fact that times are changing on the international stage and we cannot cling to traditional, dogmatic, and rigid criteria. In the context of this search for new elements, we are trying to create a new relationship with the U.S. administration, a political relationship that is more open and serious, not docile; a relationship in which no one is subordinate to anyone in philosophical or ideological terms. We took this message to the United States and discussed it, in the same terms with Mr. Aronson."

He added: We both agreed that "it is possible and necessary to create a new relationship while maintaining communications and that this does not mean wiping out the past. It is a positive process of development, of testing for both sides."

[Selser] Do you believe the U.S. attitude toward Nicaragua has really changed?

[Ruiz] "There has been a hint of change. Former Ambassador Harry Shlaudeman worked on this new relationship without omitting or sidelining the FSLN. He has made such relations possible by means of a frank, continuous dialogue. Personally, I believe that with more realistic criteria, we can maintain a new policy that is more objective and a little less dogmatic."

According to Commander Ruiz, there is "genuine U.S. interest" in ending the Central American conflict about which the Sandinists can now talk with their traditional adversaries, "because the FSLN is also a reality, a recognized force."

[Selser] Even by the United States?

[Ruiz] "Of course. They recognize us to such an extent that I had to explain to Aronson that we Sandinists could not take responsibility for all of Nicaragua's political phenomena. The United States does not accept the fact that the effects of the economic plan are translated into social conflicts; that the passage from war to peace is very complex; and that our forces are also undergoing a political-ideological readjustment. It is convinced that we move the country's stability backward or forward by issuing a simple order."

This does not seem to please Ruiz very much. "To seek to have the FSLN resolve the crisis by magic is dangerous reasoning or oversimplification, because we could be held accountable in a manner similar to that of the past," Ruiz said.

"As a result of this discussion, we were able to outline our positions. We Sandinists condemn the armed movement and violence but we do not believe in democracy with absolute docility on the part of public or labor

sectors. A distinction must be made between armed violence and the labor movement's struggle for its demands and rights."

The matter is not so simple. The FSLN now demands different things from the labor movement. "It is no longer a matter of being elitist or of having a group of leaders decide that an action is correct and then demanding support. The leaders must first ask the people if they truly support the causes the leaders propose to defend."

In a total shift from the old theory of a vanguard position that the FSLN defended for decades, Ruiz said: "The Sandinists must change this behavior. I must first be convinced that a cause is just before I follow it, and I cannot be called a counterrevolutionary if I do not wish to espouse it."

[Selser] What is the reason for this change?

[Ruiz] "The new circumstances to which revolutionary forces must submit, combining methods that are old, but still valid, with new formulas."

Ruiz explained that the change is also due to a worldwide economic reality, "to the formation of large economic spheres. Who are we with on this continent? To whom are we linked? Are we going to turn to Japan or Germany?"

He hastened to explain: "I am not affiliating myself with capitalism. Not at all. I am only trying to find a way for our small countries to be less exploited. The monster, as Marti called it, is still there, but now it is having serious difficulties. This was demonstrated during President Bush's visit to Japan, where something happened that would have been inconceivable 10 years ago."

He commented that, in this regard, "the fall of the East has strengthened the Asian countries. The United States is no longer the giant that monopolizes military power and industry with enormous credits and subsidies for its economy based on an unswerving, potent international policy."

Ruiz continued: "The United States no longer has the power it had 20 years ago. Its private debt is four times greater than public debt and is the same size as almost two-thirds of the Third World debt. The country that is supposedly the richest in the world—that already has spiralling poverty, with 75,000 people living on the streets of New York—should apply an economic adjustment plan, and it should program its finances as is being done in Latin America. The world is no longer willing to pay its way."

[Selser] To what extent does there still exist a risk of political dependence on the United States?

[Ruiz] "Peace in Central America is necessary, because the only way Nicaragua will be able to develop a somewhat decent economy is by means of its integration into a market in which it can operate; that is, Central America. The ideal would be to integrate the economies of a region where, despite our dramatic backwardness, we have natural and human resources that could complement each other."

Ruiz said: "If the United States still had hegemonist strength, my reasoning would justify having Nicaragua subordinate itself to the chains of the U.S. market. Our starting point, however, is that there was a revolution in Nicaragua that we want to continue, adjusting our model to our own circumstances while adapting it to an international market that is different from that of 1980."

He added: "If we win the 1996 elections, let it be without blockades or aggression. Otherwise, we Sandinists will become a nightmare."

## 'Largest Demobilization' To Date in Jinotega

*PA1302174892 Managua Sistema Nacional de Televison Network in Spanish 0100 GMT 12 Feb 92*

[Text] Some 1,300 rebels, including recontras and recompas, turned in their weapons on 11 February. This is considered the largest demobilization so far. The event took place in what has become the sanctuary of disarmament: the former Tomatoya military base in Jinotega Department.

Firing the remaining bullets in their weapons, the rebels demobilized in hope of finally ending the war. At the end of another disarmament, Government Minister Carlos Hurtado said he believes this is another step which demonstrates the rebels' desire for peace.

[Begin Hurtado recording] This is the largest disarmament so far. This is important, because it is not only a step forward in the disarmament and peace-seeking process, but it also reflects the desire of the rebels to rejoin a peaceful, productive, civilian life, showing that a desire to wage war is nonexistent here. [end recording]

The unity of the recompas and recontras, who are demobilizing and turning in their weapons, demonstrates that the disarmament process is continuing and that hope prevails among men and women here that peace and tranquility will take root in Nicaragua. Deputy Finance Minister Leonel Rodriguez said the government is working on a series of requests by the demobilized persons to give them a positive response in the coming days. Such requests include the legalizing and financing of lands.

## Resistance Leaders Announce Exile Plans

*PA1302191792 Managua Radio Catolica in Spanish 1100 GMT 11 Feb 92*

[Statement issued by the Commander's Council of the Commander 3-80 Enrique Bermudez Varela Northern Front to the Nicaraguan people and international community; date and place not given]

[Text] First, we express our gratitude to the people, especially the peasants, for the confidence and support

they have given us to defeat the Sandinist National Liberation Front dictatorship and install in Nicaragua the rule of democracy, justice, and law without militarism in order to have social progress with freedom.

We also state we are laying down our weapons to contribute to peace. We have not, however, surrendered our political ideals, for which we struggled and will continue to struggle. The new government has made a pledge to the people and the international community. It will have to keep its promises to the people and the Nicaraguan Resistance, who are part of the people. We are going into exile to join Aristides Sanchez, the country's first political asylum seeker, because there are no guarantees of safety or interest in investigating crimes in Nicaragua.

Cases in point are the murders of our 3-80 chief commander, young Jean Paul Genie, and others. This is another phase in our struggle. It is not the end, because we will be paying attention to developments. We asked the people who chose change to remain alert, to report, and to fight for their true aspirations. We support the stand the clergy adopted in its pastoral letter, which reflects the views of the people.

We also thank His Eminence Monsignor Miguel Obando y Bravo, the OAS International Commission of Support and Verification, and the Permanent Committee for the Defense of Human Rights headed by Lino Hernandez. We thank him for his concern and contribution to achieving peace with social justice in Nicaragua. History and time have proven us right, since the Nicaraguan people were never wrong. We saw the collapse of communism in the Eastern Europe and Nicaragua.

## Panama

### Linares Says Government Not To Renegotiate Bases

*PA1402011692 Panama City EL PANAMA AMERICA in Spanish 13 Feb 92 p 11-A*

[Report by Orlando Mendieta C.]

[Text] Foreign Minister Julio Linares says the national government's position is that this administration should not negotiate the continued presence of the military bases in the country.

The foreign minister's remarks came on the eve of the visit by U.S. Defense Secretary Richard Cheney, who presumably may discuss the negotiation of the military bases with President Guillermo Endara.

Linares said the president has no reason to discuss that issue, but this does not preclude Cheney's bringing it up or Endara's hearing him out.

Linares said President Endara has not asked the Foreign Ministry for an agenda to discuss with Cheney.

Presidency spokesmen reported that the U.S. defense secretary will meet with President Endara on the morning of 18 February.

The canal treaty, signed in 1977 by both countries, states that on 31 December 1999, not a single U.S. soldier should remain on Panamanian territory.

Nevertheless, labor union sectors and progovernment politicians advocate that Panama should negotiate the continued presence of the military bases with the United States on the premise that the bases supply the country with high incomes and sources of employment.

### More on U.S. Bases

*PA1302230492 Panama City Circuito RPC Television in Spanish 2300 GMT 11 Feb 92*

[Report by correspondent Fernando Kam]

[Text] Despite President Guillermo Endara's reluctance to broach topics related to the future of Panamanians who work on U.S. military bases, the topic has emerged again. There have been many national debates on the topic, but the results have been nil. According to the canal treaty, Panama must assume the large international responsibility of operating the canal. But the examples we set so far with the property that has reverted to our hands has been a national shame. Whether we like it or not, we have demonstrated that the constant cries of dignity and sovereignty are but a romantic dream that keeps us far from world reality.

[Begin recording] [Leo Gonzales, Nationalist Liberal Republican Movement, Molirena, legislator, identified by caption] We are not prepared, absolutely nothing has been done. We are talking here of 12,500 employees with good wages who represent approximately 75,000 persons in Panama who receive their income from U.S. military bases. That cannot be thrown into the garbage just because a few people here in Panama advocate the nationalism and patriotism of the caveman era. We must realize that the military bases are a business for Panama and, as such, we must try to get more money for those military bases. [end recording]

The Panamanian Government currently lacks the resources and infrastructure to define its responsibility regarding the future of the interoceanic waterway. Eight years after assuming that responsibility, it is inconceivable that the appropriate organizations have not assumed the historic role assigned to them. The principle point to resolve in this respect is whether we will lose our national dignity by maintaining foreign troops in our territory. In the same way, many Panamanians will join the ranks of the unemployed, creating a grave socioeconomic problem for the government, which is not in a position to resolve it.

According to statistics, Panama's economy receives annually over $600 million from the jobs that are

directly or indirectly generated by the military bases established on our territory. But indifference paints a different picture.

[Begin recording, Local 907 leader Ray Bishop, identified by caption] This will condemn 85,000 families to exile or probably to poverty as it has never been seen in our country. Included will be all commerce, industry, and Panamanians who depend indirectly and directly on the money coming from these military bases. [end recording]

Meanwhile, former canal treaty negotiator Fernando Manfredo said the treaties were signed primarily as a means of perfecting our sovereignty.

[Begin recording, Manfredo, identified by caption] The problem with the military bases is very simple. As long as we have a U.S. military presence in Panama, the U.S. permanent involvement in Panama's internal affairs is inevitable. We should not lose sight of the fact that the Panama Canal treaty was signed and negotiated with a fundamental goal in mind: perfecting our independence. Even though the term independence means very little to certain people nowadays, I belong to the old guard in that respect. I believe a country's independence and sovereignty are sacred.

The Panamanian people must convince themselves that we can do things properly. I am convinced we can. If we live on the bad memories of the past, we will maintain a totally negative attitude that will do us no good. I believe we are capable of appropriately using the reverted properties. I believe we can make the reverted areas generate more wealth than that produced by the military bases. [end recording]

## Relations With Guatemala, Cuba, Taiwan Noted

*PA1302180192 Panama City Telemetro Television Network in Spanish 1720 GMT 11 Feb 92*

[Text] Foreign Minister Julio Linares has said the statements given by Panamanians living in asylum in Guatemala create tension in Panama. Linares stated that the Foreign Ministry has requested the extradition of a former military officer, although his name was not disclosed.

[Begin recording] [Linares] Initially, because of the events of 5 December 1990, approximately four to six people took refuge at the Guatemalan Embassy and later traveled to that country. The Foreign Ministry has requested the extradition to Panama of only one of those living in asylum in Guatemala. This extradition request is being processed. I cannot comment on your question concerning the statement made by one of the Panamanians living in asylum in Guatemala, because I have unfortunately not yet read it.

In a recent conversation in San Pedro Sula between Deputy Foreign Minister Raul Mulino and the Guatemalan minister of foreign relations, Mulino referred to this issue and voiced our concern over the frequent statements made by Panamanians living in asylum in Guatemala. These statements create some kind of tension here in Panama.

[Unidentified reporter] What is the name of the military officer whose extradition has been requested?

[Linares] I do not remember the name.

[Reporter] Can sending the charge d'affaires to Cuba be interpreted as an improvement in our relations with that country?

[Linares] No, no. Relations with Cuba are at a low level. These relations are delicate. We should have an experienced official there, even though relations are at a low level. Our diplomatic mission in Cuba has thus far only had secretaries. Consequently, the Foreign Ministry considered it convenient to send a career diplomat to Cuba. We have recently heard talk and seen articles about illicit visa transactions in Cuba. Because this is a possibility, I believe the Foreign Ministry should appoint a higher ranking official in Cuba. We have selected a career official to run our diplomatic mission in Cuba. Apart from this, this action is not important or significant.

[Reporter] Is the Foreign Ministry negotiating agreements with other countries to establish international export companies in Panama? What can you say about this? Has any progress been made?

[Linares] You must be referring specifically to Taiwan, right? The Foreign Ministry is negotiating an agreement with Taiwan. Two or three weeks ago, we met with representatives of the Taiwanese Embassy at the Foreign Ministry in Panama. We reached an agreement in principle with the embassy. The ambassador told us he would send that draft treaty—as he has indeed done—to the Taiwanese Foreign Ministry for evaluation. We are waiting for a response.

[Reporter] Is protecting foreign investment in the country detrimental to Panamanian businessmen?

[Linares] You have touched on a very important subject, which perhaps has delayed the signing of such a treaty. I think we must give foreign investors every opportunity and every assurance so they can feel confident about investing here in Panama. I do not believe, however, that doing so will put Panamanian investors and businessmen at a disadvantage with regard to foreign investors. [end recording]

## Endara Refuses Talks With Pro-Noriega Soldiers

*PA1402021492 Panama City Circuito RPC Television in Spanish 2300 GMT 13 Feb 92*

[Text] President Guillermo Endara Galimany on 13 February categorically refused to talk with the pro-Noriega soldiers who recently issued a proclamation.

During his weekly news conference, Endara, accompanied by Presidency Minister Julio Harris, accused the

military group of conspiring against democracy, adding that neither he nor anyone else in his government has considered holding talks with corrupt soldiers.

[Begin Endara recording] I refuse to negotiate with individuals who are conspiring against Panamanian democracy. I have nothing to discuss with them. I will talk with people who want to work within the democratic system.

I will not, under any circumstances, talk with them and no one representing my government will talk with former soldiers or any other persons involved in conspiracies against democracy. [end recording]

Regarding the militaristic and political statements made by the group of soldiers demanding talks with the government, President Endara said the following:

[Begin Endara recording] I believe their statements are purely demagogic. What they want is to return to the past. You, who experienced the past, must know if that is their goal. You know that the national government has pledged to maintain the canal treaties. You also know that I will abstain from negotiating the continued presence of the military bases beyond 2000. You know that we are trying to promote economic development to benefit the poorest classes.

Coming from me this should be believable, but it is not believable coming from soldiers who led us to the disaster we are experiencing, from the people who want to return to the past to subjugate us and to eliminate our democracy and freedom. I do not believe them and I will not lower my dignity to respond to their statements. [end recording]

The president mentioned the visit of U.S. Defense Secretary Richard Cheney, who will arrive in Panama next week. He said that during this visit, they will not discuss the renegotiation of the Torrijos-Carter Treaties.

### Ministers Favor Dialogue

*PA1402035392 Panama City EL PANAMA AMERICA in Spanish 13 Feb 92 p 1a*

[Article by Orlando Mendieta]

[Text] On 12 February, Housing Minister Guillermo Quijano, Presidency Minister Julio Harris, Commerce and Industry Minister Roberto Alfaro, Public Works Minister Alfredo Arias, and Labor and Welfare Minister Jorge Ruben Rosas, indicated the possibility of establishing a dialogue with former members of the Panama Defense Forces as a first step in normalizing the situation in the country.

According to Public Works Minister Arias, the government must look for a dialogue not only with former military members but with all sectors to discuss the current situation in Panama.

Minister Alfaro pointed out that the government must engage in a dialogue with those former soldiers who are not involved in subversive activities and who aspire to incorporate into Panamanian society.

He added that if these soldiers are interested in becoming a part of Panama's development by establishing businesses, they will be well received.

Minister Quijano said he favors a dialogue that would lead toward reconciliation. But he clearly pointed out that amnesty could not be granted to those who have cases pending in the judicial system.

Minister Julio Harris said he does not believe the government is planning to initiate a dialogue with the military. Nevertheless, he insisted the government would be willing to listen to any proposals.

Labor Minister Jorge Rosas believes all pending judicial cases should first be solved. Once justice had been done, the guilty imprisoned and the innocent freed, then it will be possible to talk about a dialogue.

### Officials Comment on Subversive Groups

*PA1402025192 Panama City LA ESTRELLA DE PANAMA in Spanish 13 Feb 92 pp 1A, 2A*

[Text] Miguel Batista, the vice minister of the Presidency said on 12 February that the subversive groups "do not have the capability to face this government, and what they are doing is disturbing the economic and social progress of the country."

The Arnulfist Party leader added that "just as we fought for democracy for the country, we will fight to keep it. The subversive groups that are wandering about do not worry us."

Batista also morally rejected accusations made by members of the groups that the government of President Guillermo Endara is "commiting outrages." Batista asked: "What outrages are they speaking of? Who for 21 years, murdered, robbed, and subjugated the Panamanian people?"

Asked if the Endara government is moving along the democratic path, Batista said "definitely yes. The only problem with this government is the incapacity to solve the enormous problems we inherited, but all the forecasts indicate the country is progressing."

Meanwhile, Julio Linares, the minister of foreign relations, said the recent events relating to Major Carlos Saldana demonstrate that when there is militarism, a social class is born which becomes accustomed to living with privileges.

It is difficult for these soldiers to realize, Linares continued, that times have changed, and the only privileges they should have are those the law and the Constitution grant to all Panamanains.

When asked about the amnesty requested by some military groups, Linares said that for them to obtain

amnesty, they must first repent and recognize their responsibility and blame for the actions that have been carried out.

"Unfortunately, I have not seen any repentance from the persons who want amnesty, on the contrary, they justify all their actions and adopt defiant attitudes," said the foreign minister.

## Sergeant Recants Testimony Against Herrera

*PA1402151792 Panama City LA ESTRELLA DE PANAMA in Spanish 13 Feb 92 p 1*

[Report by Hermes Sucre Serrano]

[Text] Public Force Sergeant Octavio Jose Lorenzo Vega, alleged to have been involved in crimes against state security, said on 12 February that he was forced to accuse Colonel Eduardo Herrera of conspiring against the government.

"I never made the statements that appeared in the newspapers, but I was forced to sign them. On the following day, I was given a $100 bill while I was in the police director's office. I do not know why I was given that bill, and I do not want to know. I must also say that on that night [not further identified] I hit Mr. Falcon, because he wanted me to accuse Col. Herrera of conspiracy.

"I must also add that Lieutenant Falcon demanded that I accuse Sublieutenant Ferrer, who had nothing to do with the incidents that have taken place," Lorenzo Vega said in his testimony at the Attorney General's Office.

Lorenzo Vega denied any involvement in terrorist actions, he denied reports that comrades of his had informed the authorities, and he also denied having attended a secret meeting at El Dorado bowling center, which was allegedly attended by Lt. Gallardo, Adriano Antonio Ferrer, and a man by the name of Zambrano.

Octavio Jose Lorenzo Vega testified on 12 February in the office of Attorney General Rogelio Cruz.

## Program for Modernization of Economy

*PA1102044392 Panama City LA ESTRELLA DE PANAMA in Spanish 9 Feb 92 p A-13*

["The Normalization of Relations With the International Financial Institutions and the Paris Club; Program for the Development and Modernization of the Economy"—newspaper headline]

[Text]

### Introduction

From its inception, the government has declared that it has assumed the commitment of paying existing financial obligations. We all know that Panama's enormous foreign debt resulted from the previous administration's excess spending and squandering. A modern, responsible, and efficient government, however, knows how to assume its responsibilities. We cannot and do not wish to turn our backs on the international financial community. The experience of other governments reveals how unproductive it is not to pay the foreign debt.

In addition, Panama, in its capacity as an international financial center, must be responsible in handling its finances.

The decision to pay the foreign debt has been supported by all parties that have formed the government coalition and the national community, aware of the sacrifice that had to be made to accomplish that goal.

As of 31 December 1989, the public debt amounted to 5.5857 billion balboas (of this, 1.8186 billion is in arrears). Additionally, there was 790.1 million balboas in interest due, bringing the total existing debt to 6.3758 billion. This did not include the overdraft with the National Bank of Panama.

The strategy was to negotiate first with the international financial institutions (IFIS)—the International Monetary Fund, the World Bank, the Inter-American Development Bank, and the Paris Club.

The U.S. Government supported the initiative by assigning a 130 million-balboa donation to Panama for the payment of the debt.

We agreed from the beginning, as a clear sign of the Panamanian Government's serious intentions, to maintain the 130 million balboas that had been previously withheld from the military government in the U.S. Federal Reserve Bank. In addition, we agreed to pay our current obligation with the IFIS on a timely basis.

At the same time, a process to form a support group began. That was done to obtain the necessary financing, and it received the support from the governments of Taiwan, Japan, and France.

### The Importance of an Economic Policy Program

An important component was designing and defining an economic program that responded to the needs of the country. That is both necessary and convenient for the economic recovery and the creation of strong foundations for self-sustained growth.

Meanwhile, an economic policy program is also one element in the process of negotiating the foreign debt, particularly as a precondition for obtaining loans for economic recovery from the IFIS. There are additional objectives, however, and although they are important, they must not be confused with the primary objective of the economic program.

Defining and preparing an economic program are complex procedures. We started out from a conceptual model that defined the reference framework. It was devised by Panamanian professionals and presented in

the "National Strategy for Development and Modernization of the Economy," which was published by the Ministry of Planning and Economic Policy in June of 1990. That document was broadly discussed with the economic sectors. A series of ideas, limitations, alternatives, and new specific definitions that modified the original proposals resulted from the discussions. They were also discussed, documented, and included in several speeches and statements by the Ministry of Planning and Economic Policy and published in the document entitled "Guidelines for the Development and Modernization of the Economy" in September of 1990.

In addition, an internal process of negotiation with different foreign economic and political sectors and with the international credit organizations began. On the domestic front, meetings and negotiations were held with the economic sectors: agriculture producers, industrialists, the labor sector, businessmen, etc. Several ministries contributed to the development of the program. The Ministry of Finance and Treasury was responsible for devising, promoting, and ensuring that the Tax Reform Bill was passed. With the assistance of the Legislative Assembly, the Social Security Fund [CSS] assumed the responsibility of reforming the retirement program and the CSS law. The Ministry of Commerce and Industries coordinated the revision of the tariff system. In meetings with groups of experts and producers, the Ministry of Agricultural Development defined the agricultural program. The Ministry of Labor and Social Welfare is presiding over a national dialogue effort to define modifications to the labor law.

In addition, technical studies in different areas were conducted and coordination meetings were held with various state-owned companies to define a modernization program. Political discussions among government parties and occasionally with groups from other parties were also held.

**The Negotiating Process**

In today's world, economic policy is not established in a vacuum. In order for economic policy to enjoy credibility, it must be endorsed by the international institutions. These institutions have preferences on certain aspects, even though political or economic internal conditions do not give priority to these preferences. At the same time, the mere presence of these institutions' representatives in Panama result in the permanent critics complaining of intervention, imposition, and lack of freedom of action, even though these criticism are unfounded.

The negotiating process requires a balance between the different tendencies. There are those who want a stronger program. That, however, would entail high transformation costs and little political reality. There are those who want to please everyone without regard for political cost; consequently, there is no transformation. That is unacceptable. Only with determination to defend the nation's best interests can a reasonable balance be maintained between these tendencies.

There were some complications in the negotiating process. One party's withdrawal from the coalition affected the government's majority rule in the Legislative Assembly. The need to accept the payment of the 13th month bonus to government employees presented new problems and difficulties in financing the program.

The simultaneous participation of three international institutions—a new situation in which we are not experienced—hampered and delayed the negotiating process. Looking back, we can say that this has been one of the first and most difficult experiences of the recent democracy.

**A Development Program and the Economy's Modernization**

At last we have achieved a sound economic program that has greater benefits for true transformation and the fewest social costs. This program has been widely discussed and was published in October 1991 in the document: "The Economy's Development and Modernization Program." It can be summarized as follows:

a) Development of a modernization program for public administration.

b) Reorganization of public finances with the objective of saving the nonfinancial public sector 2.3 percent by 1993 and with greater emphasis on expenditures in the investment sector as opposed to current expenses.

c) Reforms to the Social Security Fund to guarantee its future financial situation.

d) An action plan for state-run companies, with an emphasis on the need to improve efficiency in the following: the Institute of Hydraulic Resources and Electrification (IRHE), the National Port Authority (APN), and the National Water and Sanitation Institute (IDAAN).

e) Financial improvements in government institutions that include a compensation program for the Public Sectors debts with the state-run companies and automatic payment of the central government's current accounts to said institutions to remove future arrears in accounts receivable.

f) A privatization program that includes the sale and transfer to the private sector of state-run companies' activities, given that, by their nature, they can be operated more efficiently and at a lower cost to users. An important example is the handling of cargo in the ports.

g) Restructuring the telecommunications sector. For this restructuring, the National Institute of Telecommunications (INTEL) will be privitized and a state regulatory mechanism will be established.

h) Transformation of the Agricultural Development Bank to a bank of mixed capital, while the National Mortgage Bank would transfer its active portfolio to the National Savings Bank.

i) Gradual reduction of payroll expenses in the public sector until a 6-percent reduction is reached through a voluntary retirement program and privatization. The savings would be used to streng.hen investment programs.

j) Strengthen investment projects in infrastructures, starting with the construction of projects that include, among others, the completion of the Fortuna High Dam and the Panama-Arraijan highway.

k) Convert the Price Regulating Office to a consumer protection office.

l) A tax reform that encourages saving, promotes investment, and favors tax payers in the lower-income bracket.

m) Elimination of quantitative restrictions on imports, substituted by a system based on tariffs.

n) Establishment of adequate protection for agricultural products. That is basically achieved with an import tax so the price of the imported products in Panama would practically be the same as the current price of the same products produced locally.

In this manner the local producer will not be unprotected, there is room for competition, and the monopoly on profits by those who have access to quotas is eliminated. In some cases, this would reduce the cost to consumers.

o) Establishment of an import tariff for industrial products. Initially this tariff would be 60 to 90 percent, to be reduced to 40 to 50 percent by 1993. This tariff is considered to be a protection level that is more than reasonable. The modernization of the customs valuation system will allow for the elimination of specific taxes by mid-1992.

p) Gradual elimination of the state's control and intervention in the prices system.

q) A social compensation program that targets one third of the Investment budget to high priority social programs in education, health, and housing.

r) Implementation of several social interest programs such as the School Nutrition Program, Complementary Food Program for Pregnant Women, Social Emergency Fund (FES), and the Housing Ministry's Environmental Improvement Program and New Life Program [housing].

**The Normalization of Relations With IFIS and the Paris Club**

IFIS regulations do not allow them to refinance their debt, and the IFIS do not have a secondary market. Once the country is up to date in its payments to these institutions, their program of loans for development will be maintained.

On 31 January 1992, Panama completed the process of normalizing its situation with the IFIS by paying off the amounts it owed up to that date.

Panama owed a total of 645.8 million balboas, which breaks down by institution as follows:

Chart No. 1: Multilateral Debt, Delayed Payments, IFIS

1. Inter-American Development Bank: 167.6 million balboas
2. International Fund for Agricultural Development: 4.9 million balboas
3. IMF: 253.2 million balboas
4. World Bank: 220.1 million balboas

Total debt: 645.8 million balboas
Source: Coordinating Unit for the Economic Program

Meanwhile, the refinancing agreed upon with the Paris Club in November 1990 was defined as the payment of 39.9 million balboas in late payments to member countries. It was important to complete the process with the Paris Club prior to 31 January, otherwise the November 1990 agreement would expire.

1. The debt was contracted on the basis of a pool of currencies. Its value in balboas corresponded with the exchange rate on 30 January 1992.

Chart No. 2: Bilateral Debt, Payments in Arrears, Paris Club

I. Source of Funds:

1. Republic of Panama: regular income (in millions of balboas), 39.9

II. Debts (in thousands of balboas):

1. Belgium: 775
2. Canada: 267
3. Denmark: 187
4. France: 2,554
5. Italy: 1,648
6. Spain: 15,627
7. Sweden: 7,128
8. United Kingdom: 4,299
9. United States: 7,482

Total Debt: 39.9 million

Source: Coordinating Unit for the Economic Program

There are two distinct phases in the process of paying the debt that is in arrears: the first is the exact moment at

which the debt is paid, and the second is the final result for the country once all the funds contributed by the support group are received.

First Phase:

For the payment of the 645.8 million balboas of debt in arrears there was:

a. 134 million balboas from national government funds reserved in the accounts frozen in the U.S. Treasury.

b. Donations by the Governments of the United States (130 million balboas) and France (3 million balboas).

c. The stopgap loan from the U.S. Government in the amount of 143 million balboas. The loan was paid with the IMF and World Bank's first disbursements.

d. Internal financing by the Panamanian Government in the amount of 132 million balboas. This will be returned to the Treasury once the contributions from Taiwan and Japan are received, and with the first disbursement by the Inter-American Development Bank.

e. The net additional contribution from the Panamanian Government in the amount of 103.8 million balboas from its regular income.

Second Phase:

The net result of the operation is as follows:

a. The national government has been able to cut its debt with the international institutions by 370.8 million balboas (57.4 percent), thereby eliminating its unpaid obligation with these institutions.

b. As a result of this operation, the international institutions have provided 185 million balboas from their own financial resources. This is equivalent to an operation refinancing (implicit) the same amount.

c. On the other hand, the financing from the support group allows the redirection of 90 million balboas in principal and interest in arrears into medium- and long-term debt.

d. To finance public investments, the Panamanian Government will receive 84 million balboas as result of the U.S. Donation Agreement (USAID-0303), which was conditioned to an agreement with the IFIS.

e. An agreement with the Paris Club has resulted in a 182.9 million-balboas refinancing that includes interest capitalization.

f. The Government of Panama will receive funds totaling 152 million balboas, which corresponds to the second and third disbursements of the economic recovery loans with the IFIS. These funds will be used to finance social projects.

g. Between 1992 and 1993, the IFIS will provide access to sectorial loans and projects up to 232 million balboas, and possible additional financial support for a private debt renegotiation program.

h. As a result of the negotiations with the Paris Club, the Government of Panama has been granted access to bilateral loans, in addition to credit guarantees from member countries.

i. More than 10 million balboas have been obtained to be allocated for technical assistance during the program implementation period.

**Outlook of the Negotiation**

The conclusion of the negotiation completes the first stage of the economic plan: the formulation and its implementation platform. We now have a coherent and adequate program that has received international guarantees, as well as adequate financial backing. Now it is necessary to forge ahead with the action plan. Several elements of this plan are currently in motion.

We have appointed a national technical group to follow up on this program and to coordinate subsequent measures. We have the clear backing of the president of the Republic, the Cabinet, as well as the National Economic Council.

The payment of funds owed to the international institutions is a component of the government's financial policy that involves several state enterprises. Other financial policy measures include the control of superfluous expenditures, as well as the application of strict controls to public bids, and purchase and budget executions currently being carried out by the Office of the Comptroller General. In addition, an effort has been made to improve tax collection efficiency. The collection of pending accounts and services rendered has been improved in institutions such as IRHE and INTEL. This has resulted in a surplus instead of a deficit in the cash flow of the government sector.

The normalization of relations with the IFIS significantly reduces the public external debt. The fiscal check mechanisms greatly decrease the public internal debt. The negotiation with private banks, including a refinancing program and other mechanisms (secondary market price valuation, debt for bonds exchange, direct purchase and swaps), will significantly decrease private sector external debt. By normalizing relations with the IFIS, the debt problem will be solved. The debt issue is one of the most pressing economic dilemmas developing countries face in general and Panama in particular.

With the recently concluded negotiation, Panama has once again become subject of credit with the international institutions. This means the reactivation of loans to finance infrastructure investment projects and social services improvement. The loans included in the economic recovery program partly support the national

budget. The existence of an agreement with the international institutions is a precondition to obtain credit programs support, guarantees, as well as investments from developing countries.

The agreement has a message for the national and international finance community, private investors, government foundations, and nongovernment assistance organizations. The secured agreement means, as a media source has correctly pointed out, that there is a green light for investment in the country.

Now the financial community, investment banking, financial and economic advisers, and international private banks are going to reevaluate the "risk-country status" of Panama, and this will result in more investments and private loans that will contribute to economic growth and to better opportunities of social well-being for all sectors of the population.

**Access to Financial Resources From International Organizations and Bilateral Sources**

**Years 1992-1993 (in millions of balboas)**

| Details | Total |
|---|---|
| Total | 880.0 |
| I.World Bank | 220.0 |
| A. Economic Recovery Loan: | 120.0(1) |
| B. Loans to Sectors: | 100.0(2) |
| II.Inter-American Development Bank | 261.3 |
| A. Private Enterprises Reforms Program: | 120.0 |
| B. Loans for Projects: | 132.0(2) |
| C. Technological Cooperation: | 9.3 |
| III. IMF | 174.7 |
| A. Stabilization Loan: | 125.5(1) |
| B. Financial Contingencies and Compensation Facilities: | 49.2 |
| IV. Agreement with the U.S. Agencyfor International Development | 84.0 |
| V. Overseas Economic Cooperation Fund Japan Financing | 100.0(3) |
| (Cofinancing with the World Bank) | |
| VI. Republic of China (Taiwan) | 40.0 |

(1) Fifty percent of these loans will be used to repay the stopgag loan granted by the U.S. Government.

(2) Panama will present high social priority projects whose costs do not exceed the amounts listed here. The national government's policy is that net resources be used exclusively for investments and not to finance current expenditures.

(3) Fifty percent to recuperate Panama's access to short-term financing. Fifty percent for investments.

(4) One hundred percent to recuperate Panama's access to short-term financing.

## PDC States Position on Debt Negotiation

*PA1402032292 Panama City EL SIGLO in Spanish 13 Feb 92 p 69*

[Statement issued by the Christian Democratic Party, PDC, in Panama City on 12 February]

[Text] The Christian Democratic Party, PDC, continues its policy of adopting a responsible and patriotic opposition and of making constant contributions to the country's development.

That is why the PDC demands that those in charge of economic policy in the Endara administration refrain from trying to fool Panamanians and instead call things by their real names. It also demands that the economic policy be a fair one so that financial and social debt can be justly taken care of. The former should not be favored over the latter, thereby producing mere economic growth without human development.

Fancy announcements of financial agreements or of alleged increases in the country's economic indicators are worthless if unemployment continues and poverty prevails.

In view of the results presented by Second Vice President Guillermo Ford, planning and economic policy minister, the PDC as the leading opposition force states its position and demands solutions from those in charge of the country's economic policy, regarding the following aspects of the government's announcement:

**1. We Must Be Responsible Without Debts**

Panamanian democracy inherited two great debts: the huge financial debt and a dramatic social debt. They need to be taken care of simultaneously and fairly. Even though the moratorium situation with the international

financial institutions [IFI's] and the Paris Club hurt us, inexcusably neglecting the opportunity to substantially reduce it through donations and the pardoning of debt is a disgrace for Panamanians. The quickness with which this part of the financial debt has been paid off and the stinginess with which the social debt has been avoided shows a double lack of responsibility.

**2. The Debt Was Paid With More Debt**

According to the information provided, the so-called "Support Group" was not formed. In two years, Ford was only able to obtain a donation of $3 million in addition to the $130 million-donation offered by the United States since 1990. Of the $685.7 million we have just paid, only $133 million come from donations. The rest, $552.7 million, is being paid by the Panamanian people with their own funds or by means of new loans, which become new debts that must be paid off.

**3. More Money Will Leave Our Economy Than Will Come In**

Panama paid the IFI's $490.6 million in 1990 and 1991 as part of its regular debt installments. If to this we add the $227 million included in the budget to cover regular debt installments in 1992 and the $552.7 million we just paid to cover the arrears, we will have paid $1.2704 billion to the IFI's and the Paris Club between 1990 and 1992. If to this figure we add approximately the $225 million that we will have to pay as part of our regular debt installments in 1993, it turns out that between 1990 and 1993 we will have paid $1.4953 billion versus an expected new maximum income of $880 million. This means $615.3 million more will leave our economy than will come in. Still remaining to be negotiated with international private banks are over $2 billion in debt.

**4. Growing Debt Funds Are To Be Used on Expenditures Instead of on Investments and Social Needs**

According to Minister Ford's report, only $100 million from the World Bank, $132 million from the Inter-American Development Bank, and $50 million from Japan will be used on investments. The rest of the money represents a debt to pay the stopgap loans used to cover overdue debt; to pay international experts; and to cover other expenditures. We want to point out that only $282 million have been earmarked for investment. The rest of the money represents a debt to pay other debts and to pay for expenditures. No one knows how much of the $282 million will be used to solve serious needs of a people who live in conditions of unemployment, underemployment, and extreme poverty.

**5. We Could Have Paid Less**

In 1990, Panama's overdue bills with the IFI's amounted to $540 million. By 1992, after having punctiliously paid what was due in 1990 and 1991, this debt had increased to $645.8 million. Minister Ford has to explain to the country why measures were not taken to prevent this debt increase, due mostly, but not exclusively, to the devaluation of the dollar.

Panama could have saved millions of dollars if the government had engaged in serious negotiations without delay or if it had secured from the Paris Club an exoneration of a significant portion of the debt—as some neighbor countries have done—or if it had produced formulas such as the conversion of dollar deposits into other foreign exchange currencies.

Actually, what little was secured in the form of donations was practically dissolved by the increase in the value of the debt.

6. Minister Ford has said that by being up to date in its payments, Panama has access to up to $880 million in loans. He does not say, however, when these loans would be available, in how many installments they have to be paid, or what will be the conditions of each installment. The minister does not report the deadline for repaying those loans. President Endara's economic team has to be honest with the people and tell us the truth.

7. At the end of his speech, Minister Ford stated a position very different from his usual intransigent stand on the agricultural and industrial sectors. The minister must explain if there will be a new Ford Plan or if he was rhetorically trying to delude these sectors, which do not share his strategy.

**8. A Law Is Necessary To Control Indebtedness**

The Legislative Assembly approved the Law on Loans. It is necessary that this law be fully implemented to prevent a new era of irresponsible debt contracting. The Panamanian people wonder why the Endara administration refuses to sign the law. The people remain suspicious of closed-deal commissions and other well-known habits linked to transactions involving millions of dollars.

**9. Conceptual Framework**

To conclude, we believe that in referring to the public debt it is suitable to quote His Holiness John Paul II's Centesimus Annus encyclical:

"...The principle that debt must be paid is fair. However, it is not licit to demand payment when such demands may result in political decisions that would bring hunger and desperation to entire nations. It must not be expected that debt should be paid at the cost of unbearable sacrifice. In such cases it is necessary to find ways to reduce, defer, or void the debt, something that is occurring to a certain extent and that is compatible with the people's fundamental right to live and to make progress."

[Issued] Panama City, 12 February 1992.

## Argentina

### Press Speculates on Cheney's Upcoming Visit

*PY1402120292 Buenos Aires CLARIN in Spanish 13 Feb 92 p 20*

[Text] Defense Minister Antonio Erman Gonzalez has characterized the transfer to the civilian sector of the Falda del Carmen plant—where the liquidated Condor-2 project was being developed—and the upcoming visit of his U.S. counterpart Richard Cheney as a mere "coincidence in dates." He also confirmed that, during the brief visit by the Pentagon chief on 20 February, it is hoped that U.S. loans and transfers for the rearmament of the Argentine Armed Forces will be obtained.

On 11 February, Gonzalez transferred the installations at Falda del Carmen from the Air Force to the National Space Affairs Commission. Just a few days earlier, the installations were inspected by Pentagon and State Department experts to confirm the deactivation of the Condor-2 project, which Washington objected to because of its alleged nuclear capability.

After participating in the swearing in ceremony of Jose Gimenez Rebora, the new commander of the National Defense School, Gonzalez answered questions on the relationship between the transfer of the Cordoba Province installations and Cheney's visit—specifically on the coincidence of dates. Gonzalez recalled that the decision to liquidate Condor-2 was made in 1991. The minister then detailed the expectations of the government and the Armed Forces as a result of the defense secretary's visit.

"We have asked the U.S. Government, specifically the Department of Defense, for a series of elements that would herald U.S. cooperation in the recovery and modernization of the Argentine military apparatus."

Referring to Cheney's visit, he added: "We are waiting to see the results of the negotiations that could be announced on that occasion." He made it clear, however, that "one must not believe that this is the only opportunity because negotiations for loans and requests for surplus U.S. war materiel will continue. As a demonstration of friendship and alliance, cooperation between two brother countries will be resumed."

The U.S. pressure to liquidate Condor-2—based on charges that a missile was being developed that would have been capable of eventually transporting nuclear warheads and that it was initially undertaken with Iraqi or Egyptian participation—and to prevent Argentina from sending machinery and tools to Iran for nuclear plants, are part of the framework of Cheney's visit.

For the United States and for the other main powers, the matter of security and defense is essential in this stage of reorganization within the international order. Despite very profound trade disagreements, the announcement by President Carlos Menem on 11 February to the European Parliament, on Argentina's willingness to sign the hemispheric non-nuclear proliferation treaty of Tlatelolco, can be considered an interest that coincides with the First World.

### Cavallo Vows To Preserve Economic Stability

*PY1302235392 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1851 GMT 12 Feb 92*

[Text] Buenos Aires, 12 Feb (NA)—Economy Minister Domingo Cavallo today warned major local businessmen that the government "will under no circumstance sacrifice the stability" of the economy, adding that they should raise salaries "only as a result of productivity." He reiterated that "we will not be forced to adopt a devaluation to justify tying salary readjustments to price increases."

He admitted that "inflation remained high in the first week of February," compared to the 3 percent increase that the inflation rate registered in January. In this regard, he said that the January inflation rate, which has surpassed all expectations, "has helped us to be alert to the many serious risks that we run." He emphasized that "our stability can be easily lost," and, consequently, "we will have to persevere."

The high inflation rate of January was the main reason for calling some 600 executives of Argentina's major enterprises for a meeting at the General San Martin Cultural Center. In a speech that lasted approximately two hours, Cavallo also warned that "it is necessary to consolidate many of our achievements, because there are things that have not yet taken sound root." He made a call to "avoid wasting what all of us, particularly the poorer among us, have accomplished with great effort."

Among the few announcements that he made was a reduction of taxes on bank debits from 1.2 to 0.3 percent, beginning 21 February. He promised to eliminate this tax, provided the decision is approved by Congress. He confirmed that the Central Bank will reduce bank transactions "in a gradual manner" to increase the banks' lending capacity. He explained, however, that the reduction will be enforced if credits are used for production and not for consumption.

Cavallo reiterated that the tax on financial services will be eliminated. He then referred to the privatization program that should end this year. In this regard, he said, "We will not waste time; we will move fast." He emphasized, however, that "we found that many of the difficulties facing us were aimed at making us take the wrong steps," thus implicitly alluding to the errors made in transfers to the private sector.

The minister also recommended that businessmen "invest and compete." In a stern tone, he emphasized that "it will no longer be possible to make money from lawyers' offices that can only reformulate and renegotiate contracts with the state."

"If we are asked for subsidies, we will give none, because otherwise, it would mean that the rest of society should pay for solving the problem of one enterprise," Cavallo said.

Cavallo wondered: "How can we fail to tell businessmen that we will not print money without proper backing, if after all, that is what we are saying to retired workers?"

He criticized "those who expect everything to collapse and who complain about the increase of imports and the drop in the trade surplus, as if these two factors were an error in the plan." He wondered about the meaning of "exporting much and importing nothing. Perhaps the objective is a big surplus to finance the drain of capital abroad."

He said, "There is nothing wrong with having a trade deficit, provided there is capital inflow and importation of goods that can help increase our production capacity." He emphasized that "businessmen will decide whether capital inflow and imports are used to increase production or to finance consumption." He warned that the government "will not restrict the importation of consumer goods because this would justify local price increases."

He reiterated the need for staggered payment of the Christmas bonus to avoid price increases. He tacitly criticized former Economy Minister Roberto Alemann by saying that "even a 10-year-old child can understand that the December and January price increases were caused by increased demand and not by Central Bank dollar purchases."

He concluded by saying, "We will categorically refuse to grant regulation requests." He asked businessmen "to be completely confident" that he would not authorize "devaluations" and "to follow the pace of the economic plan."

### Businessmen React Positively

*PY1402030592 Buenos Aires TELAM in Spanish 1851 GMT 12 Feb 92*

[Text] Buenos Aires, 12 Feb (TELAM)—Citibank President Guillermo Stanley labeled the speech given by Economy Minister Domingo Cavallo to some 600 businessmen as "very healthy for industry and commerce and the financial system in general."

In his speech, Cavallo urged the businessmen to contribute to the convertibility plan with the purpose of consolidating stability, and he announced the elimination of the tax on checks and the reduction of the banks' compulsory legal reserves in the Central Bank.

In statements to TELAM, Stanley remarked on Cavallo's announcement to eliminate the tax on checks, and he added that with the reduction of the compulsory legal reserves "the banks will have a greater capacity to grant loans, and they will probably lower their interest rates. In all, it was a positive speech."

Ovidio Bolo, president of the Argentine Chamber of Supermarkets, stated that what the minister said has served "to remind us that the plan is underway, that it will not be modified, and that the objectives of stability, growth, and a market economy will continue unchanged."

"I think we are on the way to a better future, and we must not waste the opportunities given to us by the people who defend this permanent objective of stability," Bolo said.

Meanwhile, Adalberto Barbosa, executive director of the Banking Association of the Republic of Argentina (ABRA), said that "with a great power of conviction the minister has expressed a timely and stimulating ratification of the economic policy, at a moment when the market has shown some worrying indications."

He added: "Specifically, for the banking industry, he made some positive announcements that have been expected for a long time. The effect of reducing the tax on bank liabilities and the progressive reduction of the legal reserves will benefit those who deal with banks."

Roberto Favelevic, a member of the executive board of the Argentine Industrial Union (UIA), said that the "outburst of inflation we recently experienced is somehow like cholera. It must be controlled through the natural mechanisms of the economy, such as a greater money supply, so that prices will not climb further." Favelevic called the minister's speech "very interesting."

Gilberto Montana, UIA president, said that "the message is a categorical ratification of an economic policy supported by the UIA since the beginning, that has stability as its cornerstone and considers economic growth and restimulatin a fact."

"What we can promise as businessmen is our effort to increase the supply of goods and to try to reduce all our costs as far as we can," Montana added.

In turn, Daniel Brunella, head of the Argentine Exporters Chamber, believed that "the exporters were not scolded. What the minister said was that exporters should not expect to sell cheap products abroad with subsidies paid for by the Argentine people, something with which I agree."

Osvaldo Cornide, head of the Coordinating Agency for Mercantile Activities (CAME), considered as "important" the part of Cavallo's speech in which he stressed that "inflation is fought with more production and productivity, something that has not been acknowledged until the present."

He remarked on Cavallo's announcement that credits for productive development are necessary "because credits for the commercial sector of the small and medium-size companies currently cost between five and six percent monthly, a rate totally incompatible with economic activities."

### Cavallo Reports Treasury Surplus for January

*PY1302230692 Buenos Aires BUENOS AIRES HERALD in English 13 Feb 92 p 5*

[From the "Business World" column]

[Text] (DYN)—The Argentine Treasury obtained a surplus of 168.2 million pesos during January. The figure does not reach the rate promised to the International Monetary Fund but, according to Economy Minister Domingo Cavallo, is higher than the government's first projections. Cavallo, speaking to reporters, said that his office had estimated a surplus of only 70 million. Nevertheless, the actual figure falls short of the 250 million promised to the IMF. Cavallo explained that the IMF monthly rate is only the average of a yearly figure which Argentina still hopes to reach.

### Roundup of Economic Activities on 7 Feb

*PY1302025492*

[Editorial Report] Following are reports on economic activities in Argentina on 7 February. Source information is given in parentheses after each item.

Aerolineas Argentinas registered a $10 million loss in its first annual balance since it was privatized and transferred to an Iberia-led consortium, Iberia executive Carlos Olivieri said on 6 February. He added that $750 million paid to the Argentine Government in foreign debt bonds as partial payment for the airline has not been rejected by the Central Bank. The bonds are currently "in observation," Olivieri added. (NA) (Buenos Aires BUENOS AIRES HERALD in English 7 Feb 92 p 5)

The exchange rate for exports improved by 4.3 percent in the first nine months of the Convertibility Plan, the Economy Ministry announced on 5 February, while predicting a trade balance surplus of $4 billion for 1991. A report by the Economic Programming Secretariat made public on 5 February points out that the real value of the exchange rate improved by 1 percent between March and December 1991. The real value of the exchange rate for nontraditional exports improved 8.7 percent, the report said.

The exchange rate's real value is the currency's nominal value adjusted by taking into consideration retail and wholesale prices, export-sector wages, and the United States' wholesale inflation. The export exchange rate takes into account the net effect on the nominal rate of export and value-added tax reimbursements to exporters, the elimination of the statistics tax and merchant fund taxes. The improvement in the exchange rate was brought about by "different deregulation measures, such as the lowering of import surcharges on raw materials, the elimination of certain export taxes, and more speed in reimbursements to exporters," the report said.

The Economic Programming Secretariat, headed by Juan Jose Llach, said that other factors were lower freight rates and port costs due to deregulation, the lowering of electric power and gas rates for industrial consumers, cheaper credit, and the slashing of social contributions. (DYN-NA) (Buenos Aires BUENOS AIRES HERALD in English 7 Feb 92 p 5)

## Bolivia

### Movement Supports Lifting U.S. Blockade of Cuba

*PY1102131292 La Paz La Red Panamericana in Spanish 0000 GMT 11 Feb 92*

[Text] The Bolivian Movement of Solidarity with the Cuban People [Movimiento Boliviano de Solidaridad con el Pueblo Cubano] has addressed a letter to President Jaime Paz Zamora asking him to officially oppose the U.S. economic blockade on Cuba that has deteriorated the living standards of the Cuban people and jeopardized Cuba's free and independent economic development for more than 30 years.

The movement comprises several national organizations, among them the Bolivian Labor Federation, the Trade Union Federation of Bolivian Mine Workers, the Journalists Association, the Human Rights Commission, the Association of Arrested, Missing, and Martyrs for Freedom.

Representatives of the movement asked the president to instruct his representative to voice the support of the Bolivian Government for the resolution to be discussed at the UN Human Rights Commission meeting in Geneva, Switzerland, which ends on 6 March.

The resolution calls for the elimination of the economic blockade imposed on Cuba many years ago.

[Name indistinct], former rector of the Greater University of San Andres [UMSA], has stated:

[Begin recording] We have always enjoyed the support of the Cuban people, and there is no reason for an economic blockade that is so harsh, so harmful to the Cuban economy and society, at this moment of relaxation within international relations. Therefore, it is our duty as a nation to repudiate this blockade, it is also our government's duty, [words indistinct]. [end recording]

The Cuban Government assisted Bolivia in several projects, like the installation of intensive care units at children's hospitals in La Paz, [name indistinct] and has also made it possible for hundreds of Bolivian students to study at Cuban universities.

### MNR Protests Charges of 'Complicity' on Drugs

*PY1202135892 La Paz EL DIARIO in Spanish 30 Jan 92 p 5*

[Text] Nationalist Revolutionary Movement [MNR] congressmen consider remarks by Interior Minister Carlos Saavedra Bruno against their party as reckless and inappropriate for anyone in his high position.

In a speech to businessmen of the American Chamber of Commerce, the interior minister said that during the last MNR administration, from 1985 to 1989, "There was no attempt to fight trafficking because there was a certain complicity and a permissiveness toward the traffickers."

The note released by the MNR congressional bloc states: "Such charges cannot go unchallenged, like the many others that have been irresponsibly spread by spokesmen of the accord signed by the ADN [Nationalist Democratic Action], the MIR [Movement of the Revolutionary Left], the PDC [Christian Democratic Party], and the FRI [Revolutionary Front of the Left]. These charges must be fully proved in order to protect the honor of the people and the political parties that support democracy."

Commenting on the interior minister's charges, the MNR congressmen emphasized that one of the MNR administration's main achievements was "to clean up Bolivia's image, which had been stained at home and abroad by trafficking during previous administrations."

The congressmen added that the antidrug fight conducted by the last MNR administration was praised by the international community, especially the United Nations, the United States, and the EEC. They add that, for the first time in its history, Bolivia has succeeded in making the industrialized countries accept the national thesis of "Shared Responsibility," on which the Alternative Development Program is based. "Brazenly, the MIR-ADN accord has transformed this thesis into "Coca for Development," and introduced militarization and violence into the program."

The MNR declaration continues: "It is strange that such a serious accusation comes from a well-known member of a coalition of political parties that have lived and developed under corruption. They have even exchanged mutual accusations about their links with prominent drug traffickers, such as the case of the MIR, and ADN, which from 1987 to 1988 exchanged 'narcovideos' and 'narcophotos' that even involved the ADN and the then chief of the MIR."

The declaration also points out the following concrete facts on this issue:

1. The ADN-MIR coalition faced the most publicized scandal related to trafficking when the interior minister and the chief of the Bolivian Police had to be fired.

2. The trial of government party militants for their alleged protection of drug traffickers and their subsequent acquittal.

3. The escape and subsequent acquittal of people involved in trafficking and the cases of "laundering" of dollars that have not been clarified.

The declaration released by the MNR concludes by saying: "These are some of the cases that the government should take to court to identify those responsible for wrongdoing because the matter affects its image, which has already been severely questioned over these examples of large-scale corruption."

## Brazil

### Death Threats Change Collor's Daily Routine

*PY1302231792 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Feb 92 Political Section p 4*

[Text] Brasilia—The possibility of an attack against President Fernando Collor, which was reported to Federal Police by Ricardo Cesar Neme, was not an isolated case, as Federal Police director Romeu Tuma asserted in Manaus. Nearly 40 days ago, the Presidency of the Republic security guard increased Collor's security after two phone threats were received at Planalto Palace, and a letter was received at Casa da Dinda [the presidential residence]. The three messages contained death threats.

The threats against Collor were reported to Agencia ESTADO by an Army colonel, who asked not to be identified. He asserted that the decision to suspend ceremonies at the Planalto Palace ramp is linked to these threats, and not to the president's state of health. Another source has explained that the Military Household only convinced Collor to suspend the ramp ceremonies after a specific incident occurred on a Tuesday when Collor was going up the ramp. This incident caused great concern for the presidential security guard. The informer did not want to disclose details of the incident and added that the public and the press did not notice it.

All these reports about a person or a gang willing to kill the president of the Republic coincide with the changes occurring in Collor's routine. Lately, the president has often changed his itinerary between Casa da Dinda and Planalto Palace. Previously, he commuted by helicopter and rarely used a car. Lately, however, he will sometimes cross the Paranoa Lake by launch and then travel to Planalto by car.

President Collor once took a helicopter to Alvorada Palace and then went to Planalto in a motorcade. On other occasions, he travels from the residence to the palace by car. Sometimes he leaves from the garage, and other times from the ground floor. When Collor took the helicopter to Alvorada Palace and then a car to Planalto Palace last week, presidential spokesman Claudio Humberto tried to justify the fact by saying: "When I was a journalist in Maceio, I never followed the same itinerary between home and the office either."

The Planalto Palace security guard was already aware of Cesar Neme's report and, as a result, all who enter Casa da Dinda since then are checked carefully. In addition, security measures have been doubled. The security scheme adopted in Manaus, where presidents of the Amazon Region countries met, included strict security measures, including security in the kitchen to prevent food poisoning.

### Rumors on Collor's Health Called 'Groundless'

*PY1402112092 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 14 Feb 92*

[Text] Claudio Humberto, press secretary of the presidency of the Republic, has said that the rumors about President Fernando Collor's health are groundless. Claudio Humberto has stated that the president is in great shape and that, in view of the 35 million votes for him, he will under no circumstances withdraw from his decisive role.

General Agenor de Carvalho, chief of the Military Household, also denied that President Collor is ill. He confirmed the existence of the Brasilia Plan, under which the fourth floor of the Armed Forces' hospital is exclusively reserved for the president of the Republic. He noted that it is a normal procedure and that the plan has been studied for the past four months.

New Health Minister Adib Jatene said that the rumors about Collor's health are mere speculation.

### Affect Stock Market

*PY1402014692 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 13 Feb 92*

[Text] Groundless rumors about President Fernando Collor's health have confused the financial market and depressed the stock exchange. The government is worried about these rumors, which are usually floated on Thursdays.

[Begin recording] [Presidential spokesman Claudio Humberto] I believe that these rumors verge on the criminal. The fact that these rumors always surface on Thursdays, and the manner in which they affect the financial market, lead me to believe that a lot of people are making money on them.

[Unidentified reporter] How is President Collor's health?

[Humberto] The president is in very good health. His health is better than mine, than yours, or any other person's. The fact is that the president is in great shape. He has an iron constitution. [end recording]

### Ruling on Pensions 'Favorable' to Government

*PY1302023592 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 12 Feb 92*

[Text] The retirees and pensioners who gain the right to receive the 147 percent readjustment will receive the money only next year. This ruling was handed down by the Federal Supreme Court early this evening. The 11 Federal Supreme Court justices took more than four hours to hand down a ruling on a decree by the president of the Republic that postponed the 147 percent [readjustment] payment until next year, and only early this evening did Federal Supreme Court President Sydney Sanches announce the outcome: favorable to the government.

[Begin live relay by Heraldo Pereira from Federal Supreme Court building in Brasilia] According to the attorneys representing the government, the Federal Supreme Court ruling—by a 7-4 vote—is final.

Concerning the decree postponing until next year the payment of the 147 percent to the retirees, even appeals to the Federal Supreme Court would now fall under the prejudged matter rule. [end relay]

[Begin government attorney Arthur Castilho recording] The matter is closed. The action stopped here. Other actions that were (?filed) in this regard and that are being judged today will also be considered as prejudged cases by the Federal Supreme Court. A ruling was handed down already. Therefore, the decree will be in force until it is revoked by the executive branch. [end recording]

The Federal Supreme Court is still meeting to pass judgment on one of the two articles of the government's decree. According to one article, the INSS [National Social Security Institute] superintendents who pay the 147 percent readjustment, although complying with court rulings, will be held criminally liable.

The Federal Supreme Court also will pass judgment on what will be done in the case of the retirees and pensioners who already have received the readjustment.

### Provisions of Ruling Discussed

*PY1402012992 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 13 Feb 92*

[Text] State federal judges will decide on the payment of a 147 percent readjustment to pensioners. The president of the Federal Supreme Court explained the ruling.

[Begin recording] [Unidentified reporter] Chief Justice Sidney Sanches explained yesterday's ruling himself. Social security officials who complied with court orders and paid the readjustment may not be criminally prosecuted. As far as the other articles of the government decree, deferring payment of the readjustment until 1993, the chief justice said that it is not up to the Federal Supreme Court to pass judgment on them.

[Sanches] It is up to state federal judges to rule on the matter. It is for to them to decide whether the readjustment should be paid.

[Reporter] The chief justice's interpretation that a lower federal court must decide whether the 147 percent readjustment should be paid is shared by the state attorneys. The only one who is still objecting to this interpretation is federal government attorney Arthur Castilho.

The lawyer, who yesterday announced that the readjustment would be deferred until next year, was upset when he left the Federal Supreme Court today.

[Castilho] No comment. [words indistinct]

[Reporter] According to the office of the attorney general, in the states where the pensioners actually were paid the

readjustment, as happened in Rio de Janeiro and Sao Paulo, payments must continue. In states where Social Security was ordered to pay the readjustment but has not yet done so, like in Ceara and Rio Grande do Sul, the readjustment will have to be paid. Where the courts have still not ruled on the matter, the court's final decision must be awaited. The attorney general's office made it clear that no one has to pay back what they have received.

[Unidentified spokesman for attorney general] None of the pensioners who have received this readjustment, or who may receive it in the future as a result of a court decision, need to worry that they will have to pay back this money. [end recording]

### Informatics Items Freed From Import Restrictions

*PY1202161092 Rio de Janeiro O GLOBO in Portuguese 11 Feb 92 p 25*

[Text] Brasilia—On 10 February, the government freed the import of five products that were protected by market restrictions. The initial list of restricted products has now been reduced to 42 products that can be imported only with the consent (authorization) of the Science and Technology Secretariat (SCT).

Floppy and hard magnetic data storage disk drives, which represent an average one third of the cost of the final product, are among the products that have been freed. Credit card readers [maquinas contadoras-seletoras de cedulas] that are used in electronic banks, digital voice modems [equipamento digital de correio de voz], and digital relays for use with electricity [rele digital para energia eletrica] have also been freed. The Brazilian informatics industry purchases disk drives and components worth some $330 million yearly.

The SCT has thus taken advantage of a directive that will be published in the Official Bulletin on 12 February that permits the importation of the five products and their components. The importer will only be required to inform the SCT what imports are being made.

The need to publish a directive instead of withdrawing the products from the market reservation list stems from a legal loophole in the Informatics Law that was signed by President Collor in October 1991. The withdrawal of a product from the list requires the agreement of the National Informatics and Automation Council (Conin), which has not met since September 1991 because it does not yet have legal status. When he signed the law, Collor vetoed the article that sought to grant the Conin ministerial status and to increase the number of its members from 20 to 24.

### Taiwan Seeks To Strengthen Bilateral Exchange

*PY1202131492 Rio de Janeiro O GLOBO in Portuguese 11 Feb 92 p 19*

[Text] Keeping the eye on other emerging markets, Taiwan, an Asiatic country with an international reserve of $100 billion, is analyzing the possibility of investing in Brazil and ways to strengthen bilateral relations. To meet this objective, a mission comprising 21 businessmen and bankers, headed by Economic Affairs Minister Vincent Siew, is visiting Brazil.

This is the third mission of this type to have visited Brazil in the past two years. Some of them have already decided to invest in the country. Agustin Tingtsu Liu, secretary general of the China External Trade Development Council (CETRA), who led the group during its visit to the National Confederation of Commerce has reported that two Taiwanese enterprises, namely, Acer—a (computer) manufacturer—and Giant—a (bicycle) manufacturer—are analyzing the possibility of working with local companies.

## Chile

### Fruit Producers File Suit Against U.S.

*PY1402142292 Santiago Radio Chilena Network in Spanish 1000 GMT 14 Feb 92*

[Report by Maria Cristina Prudans]

[Excerpt] The U.S. Government imposed an embargo on Chilean fruit three years ago and, since then, a series of incidents have occurred. Yesterday, fruit producers and exporters filed a suit against the U.S. Government with the East District Court of Pennsylvania. They previously tried an administrative process that failed. The indemnification sought by Chilean fruit producers totals $212 million, despite that fact that the losses were estimated at $300 million. [passage omitted]

### Police Arrest Leader of MIR Terrorist Group

*PY1402131892 Santiago Radio Chilena Network in Spanish 1000 GMT 14 Feb 92*

[Text] During the past few hours, the civilian police have arrested the alleged military head and key man in a new terrorist organization called the MIR [Movement of the Revolutionary Left] People in Arms Group [Destacamento Mirista Pueblo en Armas]. Two other top leaders of this organization were also arrested.

This terrorist group comprises dissidents from the autonomous Manuel Rodriguez Front [FMR] and from the MIR. The detainee has been identified as 30-year old university publicist Carlos Saavedra Saavedra, who is charged with having closely worked with Pedro Mario Mendoza Vargas. Mendoza Vargas was placed at the disposal of the courts on 3 February. He is believed to be number two in this movement. He was found to own an arsenal similar to the one found in Carrizal Bajo in 1986. It included rocket launchers, a large number of machine guns, Soviet and Czechoslovak-made ammunition, and maps showing plans to attack the president of the Supreme Court and top court members.

Saavedra and Mendoza Vargas reportedly commanded and masterminded the terrorist attacks. Personnel from

the police division that investigates holdups arrested Saavedra and his two accomplices. A police inspector said that Saavedra was arrested on the street without offering resistance. He adds that this is a harsh blow against the organization that consists of approximately 200 members, most of them university students or former members of the FMR.

The Investigative Police source said that the men are rebels who oppose the government. They are described as weak individuals who reject any authority.

### Lautaro Movement Leader Arrested

*PY1302140892 Santiago Radio Chilena Network in Spanish 1000 GMT 13 Feb 92*

[Excerpt] Acting Interior Minister Belisario Velasco has stated that the arrest of a gang leader of the Lautaro movement by the Investigative Police is very relevant. This gang is charged with several attacks on UDI [Independent Democratic Union] offices and on gasoline stations.

Velasco said that the detainee has been identified as Richard Andres Benavente Aguirre, who was arrested at the Ovalle city where he resides. He also said that during the operation, the police also seized some weapons, dynamite sticks, and pamphlets.

[Begin recording] The Chilean Investigative Police have arrested Lautaro Movement leader Richard Andres Benavente Aguirre, who headed a gang involved in several attacks on the UDI offices and gasoline stations. Benavente's arrest will surely help to clarify other criminal actions perpetrated by this gang. [end recording] [passage omitted]

### Roundup of Economic Activities 7-10 Feb

*PY1302024392*

[Editorial Report] Following are reports on economic activities in Chile from 7 to 10 February. Source information given in parentheses after each item.

According to Central Bank statistics, Chilean nontraditional product exports increased by 25 percent from January to October 1991, compared to the same period in 1990. The total amount of nontraditional exports was $2,111,500,000, which surpass by $359 million the 1990 total. The main nontraditional products were: fresh, refrigerated, and frozen fish; wood chips; newsprint; fruit juices; and bottled wine. (Santiago Radio Chilena Network in Spanish 1000 GMT 7 Feb 92)

The Bank of Chile acting general manager has reported that the bank had a surplus of almost 33 billion pesos in 1991. This amount represents 23.5 percent of the bank capital and reserves and is, in real terms, slightly higher than the 1990 surplus. (Santiago Radio Chilena Network in Spanish 1000 GMT 7 Feb 92)

The price of diesel oil will be reduced 5 percent as of 10 February. The National Petroleum Enterprise, ENAP, has adopted this measure in keeping with fuel prices in the international market. ENAP also reported that other fuel prices will remain unchanged. (Santiago Radio Chilena Network in Spanish 1000 GMT 10 Feb 92)

## Colombia

### Electricity, Phone Workers Strike 'Illegal'

*PA1402152892 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 11 Feb 92*

[Text] The national government has declared the strikes at the energy and telephone companies in Bogota illegal. Telephone services in the city have been seriously affected, and many areas are without electricity as a result of staggered strikes.

Mayor Juan Martin Caicedo Ferrer was authorized to dismiss workers who have participated in meetings or acts of sabotage. He said in the next few hours he will announce what measures will be taken. If no labor agreement is reached with the telephone company, the administration will seek its privatization and sale to the private sector.

On 11 February, Labor Minister Francisco Posada de la Pena declared illegal the strike staged by employees of the energy and telephone companies in Bogota. He also authorized Mayor Caicedo to dismiss workers who participated in the movement. Minister Posada said the constant strikes staged by employees of the electric and telephone companies are illegal because those are essential public services.

[Begin Posada recording] The mayor of Bogota and the manager of the telephone company will adopt the disciplinary measures they deem convenient. The same will be done at the electric company, because the strike has been declared illegal. [end recording]

Bogota Mayor Caicedo said the last efforts will be conducted on 11 February to reach an agreement on the negotiation of the workers' demands, which he described as outrageous.

[Begin Caicedo recording] The demands made by the telephone workers would require a budget increase of more than 64 percent, and a wage increase of approximately 40 percent. If we accepted those figures, they would result in an inevitable increase in utility rates. [end recording]

Mayor Caicedo stressed that if no agreement is reached during the negotiations on 11 February, drastic measures will be announced that may include a mass dismissal of workers who participated in the strike.

### Military Occupies Power Company

*PA1302164492 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 12 Feb 92*

[Report by Marcela Duran]

[Text] In the next few hours, various officials from the Santa Fe de Bogota Power Company will be dismissed. The mayor said they have been carrying out illegal staggered strikes that adversely affect citizens. The company labor union is asking for a 45 percent wage increase. On the morning of 12 February, most of the installations and power generation plants were occupied by the military.

The company labor union charged that the local government is using the military to solve a labor conflict. Army soldiers, armed with rifles, and policemen wearing bulletproof vests took up positions in the installations and the vicinity. First, the surveillance of the company, which has been experiencing serious labor problems for the past five months, was limited to occasional patrols. Then, on 12 February, the Army entered the installations and remained inside the offices. The labor union rejected the drastic measure and asked the appropriate authorities to order the withdrawal of the soldiers from the installations so they can return to their workplaces.

[Begin unidentified worker recording] This has been a peaceful movement, and we believe the company is attempting a military solution to the collective bargaining process. We employees have never been rebellious. We are demanding that the company increase our wages. We ask the mayor and the president to please withdraw the forces if they want us to participate in negotiations. [end recording]

Some power plants on the outskirts of Santa Fe de Bogota were also occupied by the military.

### Guerrillas Issue 12-Point Document on Talks

*PA1302201192 Santa Fe de Bogota EL TIEMPO in Spanish 6 Feb 92 p 6A*

[Text] The Simon Bolivar National Guerrilla Coordinating Board [CNGSB] on 5 February sent to Congress a 12-point document, "To Build a Strategy for Peace," that contains the rebels' goals in the negotiations with the government.

In the opinion of the guerrillas, the Caracas talks have exhausted the peace plan used with the guerrilla groups who returned to civilian life. It stated that during the new phase in the talks, "a fresh policy is needed in order to set aside the petty desire to force those who have been committed to building a new country until now to surrender and renounce" that ideal.

Here is a summary of the points the guerrillas submitted to Congress:

—The policy of economic openness must be replaced by one that chiefly stimulates national industry and agricultural production. As a result, the rebels rejected the "shock measures imposed by the IMF" and international banks and demanded a renegotiation of the foreign debt.

—Patriotic criteria must be used to exploit, administer, and market natural resources. They are proposing that joint venture contracts be reviewed and amended.

—The state's social functions must be strengthened through a more efficient administration.

—The state must guarantee the welfare of all Colombians in the areas of health, education, housing, transportation, culture, recreation, ecological balance, and public services.

—Fiscal supervision mechanisms carried out by the people must be strengthened.

—The state must change its military policy of total war against an internal enemy and rebuild the public security forces with a democratic, nationalist, and patriotic doctrine.

—Paramilitary and self-defense groups must be disbanded and the public security forces must be purged.

—Human rights must be protected in Colombia.

- The judicial branch must be reviewed in order to make justice more efficient and impartial.

—Antiterrorist statutes and the militarization of rural areas must be rejected.

—A better and more direct democracy must be established and the right of oversight [tutela] must be defended.

—Land must be redistributed where there are large landed estates.

—National unity must be strengthened, incorporating Indians and ethnic minorities into the various regions.

—Those affected by violence must receive compensation.

Senate President Carlos Espinosa said the document was positive, since it gives details on some points to be defined in the strategy of the talks.

### Pardo Views Next Round

*PA1202160792 Santa Fe de Bogota EL NUEVO SIGLO in Spanish 8 Feb 92 p7A*

[Text] Defense Minister Rafael Pardo Rueda said the Armed Forces "have the capacity to guarantee respect for any agreement that may be signed" by the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] and the government. In an Armed Forces magazine editorial, Pardo Rueda said "once again the

hopes of all Colombians are centered on what could happen during the next round of talks."

He said "the government has the desire to exhaust all possibilities for negotiation, as negotiating is seen by everyone as the civilized way to end the conflict." Pardo Rueda then said the authorities will not stop before accomplishing their mission, because "the Colombian public force is not willing to take one step backward in fulfilling its constitutional duty to safeguard the national sovereignty, to defend the [government] institutions, and to guarantee a peaceful coexistence among Colombians."

Pardo Rueda indicated that "if the goal of the CNGSB is to look for a cease-fire that would allow them to reorganize their system of destruction and terrorism, and if they hope to recover the ground they lost in the political arena as a result of their fratricidal campaign, then 30 million honest Colombians will criticize them for this new deception."

He expressed hope that the subversive movement will respond with generosity and will demonstrate at the negotiating table that "they are moving along the pathway to peace" with their actions.

He regretted that in the days leading up to the reinitiation of the talks, "the subversive groups have returned to the language of ambushes, bombs, and murder. This they have done from the shadows, without showing their faces, and avoiding direct confrontation." He said "It is difficult to find a different explanation than that of a murderous madness that has taken control of those groups."

"This madness leads them to believe, as they approach the table, that it is right to commit murder everywhere to demonstrate a strong position that would allow them to impose their conditions. Perhaps this signals the desperation of a small group of men who, with the blast of their bombs, seek the reaction they have not received with their voices. This is the sign of a group increasingly isolated. Whatever the reason may be, they are wrong," the minister said.

After describing the Colombian subversive groups as "one of the few examples of an already extinct species left in the world," he added that "as long as the guerrillas continue to commit crimes, destroy, and murder; as long as they believe their strength lies in planting mines in the fields where our peasant farmers work, with the tragic result of scores of mutilated soldiers and civilians; as long as their resources come from kidnappings, blackmail, extortion, and drug trafficking, the legitimate force of the State will pursue them."

The minister concluded by saying that he, the Armed Forces, and all Colombians hope "this round of talks progresses successfully."

## EPL Dissident Leader Surrenders in Medellin

*PA1302201292 Santa Fe de Bogota EL SIGLO in Spanish 9 Feb 92 p 8*

[Text] One of the commanders of the dissident wing of the Popular Liberation Army [EPL], who turned himself over to the authorities, has been transferred from Cocorna to Medellin under strict security measures.

According to official reports, he is 42-year-old Luis Eduardo Bustamante Sanchez, also known as "Commander Camilo," who led several rebel groups in Antioquia Department. Bustamante Sanchez surrendered to Cocorna authorities, who in turn reported to departmental authorities.

Meanwhile, it was learned that the Committee to Fight Hired Gunmen met with Gilberto Echeverry Mejia, the adviser for social policy on 8 February in Barrancabermeja. The meeting concluded with a recommendation for increased employment as a means to eliminate violence in this area and in the Middle Magdalena area.

## Coffee Prices Reduced; Crop Reduction Proposed

*PA1302005192 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 12 Feb 92*

[Report by Luis Alejandro Medina]

[Text] The decision to reduce the internal purchasing price of coffee beans has sparked a general protest in coffee producing areas. The coffee producers have asserted that there will be an increase in unemployment and poverty in the more than 10 departments where coffee is grown in the country. The growers in Pereira, Armenia, Manizales, Medellin, Northern Valle, and Tolima have voiced many protests because the bulk price for coffee was reduced 7,000 pesos.

As of 12 February, Colombian coffee growers will receive 80,000 pesos in cash for each bulk unit of coffee—125 kilos—and 15,000 pesos in coffee savings bonds. They will no longer receive another 5,000 pesos, which must now be given to the National Coffee Fund to solve its most serious financial crisis in years. This is how coffee, which until 11 February brought 100,000 pesos for each bulk unit, will be paid for from now on. The decision to reduce the internal purchasing price was made to stop the National Coffee Fund from reaching a 400 billion-peso deficit this year.

Colombians will also have to contribute toward resolving the crisis. The coffee fund will no longer pay the government approximately 18 billion pesos for coffee exports. This money is currently included in our national budget.

The department cooperatives will have enough Finagro [not further identified] funds to purchase coffee crops in a normal manner. However, since there is so much coffee in the country, the National Coffee Growers Federation has decided to pay coffee growers 300,000 pesos for each

hectare of their coffee crop that they rotate to other produce. This renewal will take two years and will reduce our national coffee production.

[Begin recording of Jorge Cardenas, president of the National Federation of Colombian Coffee Growers] The measures are difficult. We understand this. However, the purpose and what we expect these measures to accomplish will adequately compensate for the sacrifices that the coffee industry has to make today. [end recording]

The drastic measures had to be taken due to the fall in the price of Colombian coffee on the international market. A pound of our coffee is currently being sold for 70 cents.

## Peru

### Forces Placed on Alert for Shining Path Strike

*PA1402143392 Madrid EFE in Spanish 0526 GMT 14 Feb 92*

[Text] Lima, 13 Feb (EFE)—Peruvian security forces were deployed in Lima on 13 February to take up positions in the Peruvian capital in view of the "armed strike" called for 14 February by the Maoist "Shining Path" organization, government sources have reported.

The sources did not specify the number of forces deployed, but it was learned that the police forces, which make up the majority of the 70,000 security forces in Lima, were put on permanent alert status.

Military and police units were spread out in strategic sectors of the capital and outlying areas, which—according to authorities—have been infiltrated by the Shining Path, especially along the main highway in the eastern part of Lima.

Military and police patrols have intensified in downtown Lima and its environs, while vehicles with license plates from outside the area are being searched. Army troops have been posted at the entrances of the highways leading from the interior to Lima, while groups of policemen have been assigned to protect buses that will take people to work on 14 February.

The "armed strike" (citizens strike under the threat of death) was called by the "Shining Path" on 7 February with slogans painted on the walls of the neighborhood districts of Lima. This method by the Shining Path has rarely had any effect in Lima in the past. The most recent one was two years ago when the terrorist group failed to achieve its purpose of paralyzing the Peruvian capital.

The call to an "armed strike" was preceded by an escalation of violence that reached a climax on 7 February, leaving at least 15 people dead. Authorities viewed it as a campaign of intimidation in support of the armed strike.

### Four Policemen Killed

*PA1402151492 Paris AFP in Spanish 1405 GMT 14 Feb 92*

[Text] Lima, 14 Feb (AFP)—Authorities have reported that Shining Path terrorists killed four policemen in various attacks carried out in Lima, in the beginning stages of an "armed strike" that has left the Peruvian capital virtually without public transportation.

Three policemen were killed during the most serious attack, which occurred in the populous district of Comas, when a bomb was hurled at a vehicle transporting troops patrolling the northern part of the capital. Preliminary reports did not mention how many were wounded. Another policeman was killed and two were wounded during an armed attack by Shining Path terrorists in the district of El Agustino, on the eastern side of the city.

According to the police, two bombs exploded on the strategic highway linking the southern districts to the center of this city of 8 million inhabitants. Also, suspicious packages were found, making it necessary to stop traffic.

The lack of public transportation in all the access areas to Lima was remarkable during the first hours of 14 February. Patrolmen had to stop any vehicle that was seen on the streets transporting workers to their workplaces. The Labor Ministry allowed workers to arrive at their jobs two hours late in view of that fact that many workers had to walk long distances.

The authorities responsible for maintaining public order said that more than 20,000 members of the Armed Forces and National Police were deployed to guarantee people's safety during the strike imposed by the Maoist guerrillas with fire and sword. Recent terrorist attacks have caused approximately 30 deaths in Lima and more than 120 nationwide.

### Interior Minister Announces Police Restructuring

*PA1302151792 Lima Global de Television Network in Spanish 0100 GMT 7 Feb 92*

[Text] Interior Minister General Juan Briones Davila has announced that the process of restructuring the National Police will be completed by late March. He said there will not be any personnel reduction and explained that policemen will be taught and trained to improve the performance of their duty so as not to lose their credibility before the public. The interior minister said this when he appeared before the Defense Committee of the Chamber of Deputies.

### State of Emergency in Mining Sector Extended

*PA1302234992 Lima Radio Programas del Peru Network in Spanish 1800 GMT 13 Feb 92*

[Text] The national mining sector will continue in a state of emergency until 31 December. The measure was extended because of the serious crisis in the country's

mining activities. The state will negotiate with international credit organizations to try to obtain financing to fund, along with income from mining exports, the country's production and export capacity.

During the emergency period, the mining companies and the unions will make proposals to help overcome the crisis in this sector.

### Nuclear Energy Agreement Signed With India

*PA1302183692 Lima Global de Television Network in Spanish 0100 GMT 13 Feb 92*

[Text] A scientific cooperation agreement on the peaceful use of nuclear energy was signed today by the Peruvian Institute of Nuclear Energy and the Atomic Energy Commission of India.

### Roundup of Terrorist Activities 2-6 Feb

*PY1302194292*

[Editorial Report] Following are reports on terrorist activities in Peru published between 2 and 6 February. Source information is given in parentheses after each item.

On 1 February, two Shining Path terrorists murdered former American Popular Revolutionary Alliance Deputy Horacio Gago Espinoza near his house in El Tambo District in Huancayo. (Lima EXPRESO in Spanish 2 Feb 92 p A5)

After several operations conducted in Huancayo, the Technical Police have broken up a gang of 30 Shining Path terrorists that operated in the country's center zone. They also raided a house in El Tambo District, where they seized weapons and subversive propaganda. (Lima EXPRESO in Spanish 3 Feb 92 p A12)

On 2 February the police attacked a column of Shining Path terrorists that was sailing the Biabo River, in San Martin Department. Ten terrorists were killed, and the rest managed to escape. The clash occurred near the Dos de Mayo village, Bellavista Province, less than 30 km from Juanjui Township. (Lima EL COMERCIO in Spanish 4 Feb 92 p A9)

The police have dismantled two Tupac Amaru Revolutionary Movement hit squads, following the arrest of five top guerrilla leaders in La Convencion Province. Two terrorists were arrested in a downtown hotel in Quillabamba and three in Ocobamba, where the police also seized weapons, explosives, radio equipment, and a large quantity of subversive propaganda. (Lima EXPRESO in Spanish 4 Feb 92 p A12)

Shining Path terrorists on 5 February murdered 14 people during attacks on the townships of Acomarca, Huallamayo and Anquimarca, Paucartambo District, 180 km northeast of Huancayo. (Lima EL COMERCIO in Spanish 6 Feb 92 p A10)

Ten terrorists and one peasant died during a clash that occurred on 5 February between Shining Path terrorists and peasant patrol members in the township of Marankiari, Satipo Province, in the central jungle. The 7th Region Police Command also reported that the Army and police have broken up groups of Shining Path terrorists that operated in the eastern part of Huancayo and in El Tambo District. (Lima EL COMERCIO in Spanish 6 Feb 92 p A10)

### Roundup of Economic Activity 29 Jan-2 Feb

*PY1402141092*

[Editorial Report] Following are reports on economic activities in Peru from 29 January to 2 February. Source information is given in parentheses after each item.

On 28 January Alfonso de los Heros Perez Albela, president of the Council of Ministers and Luis Enrique Garcia Rodriguez, president of the Andean Development Corporation, CAF, signed documents in which the CAF grants Peru three credits totalling $115 million. A $20 million credit will be used to reconstruct the Mantaro-Pisco transmission line; a $25-million credit will be used to support small enterprises, and a $70-million credit will be used to promote fishing, mining, industrial, and tourist development. (Lima EL COMERCIO in Spanish 29 Jan 92 p A1)

The National Institute of Statistics and Information Science has reported that the inflation rate totaled 3.5 percent in January and that, in the 12 months between 1 February 1991 to 31 January 1992, the cumulative inflation rate totalled 110.2 percent. (Lima EXPRESO in Spanish 2 Feb 92 p A4)

## Uruguay

### Defense Minister Mariano Brito Interviewed

*PY1302121292 Montevideo BUSQUEDA in Spanish 30 Jan 92 p 10, 11*

["Summary" of interview with Defense Minister Mariano Brito by unidentified BUSQUEDA reporter; place and date not given]

[Text] [BUSQUEDA] Will the level of the Armed Forces be reduced, bearing in mind 45 percent of the colonels have asked for retirement, following the initiative to encourage them to retire, and the discharges that have been made since 1985? What do you think about the size of the Armed Forces and their duties?

[Brito] I believe that the Armed Forces should be a technical, professional organization with a humanist base in keeping with our legal and constitutional system. A humanist base means building the Armed Forces on a structure that supports the government's democratic and republican system.

[BUSQUEDA] If you propose making the Armed Forces into a technical and professional body, would this would involve a reduction in numbers?

[Brito] We have taken two steps during this government term. One could be seen in our accounts for 1989, which were approved in 1990, where we cut 6,405 employees as a result of the elimination of vacant posts left by active personnel. This reduction was foreseen in the Budget Law promulgated in 1986. Furthermore, in the latest accounts, the system to encourage retirements has been incorporated, a step which will help us to achieve a more rationalized system.

[BUSQUEDA] General Juan Curutchet noted that NATO has earmarked 60 percent of its budget for expenditures and investments, and 40 percent for salaries. He added that in Uruguay 22.5 percent is assigned for expenditures and investments, and 77.5 percent for salaries.

[BUSQUEDA] Do these figures represent a sort of concealed unemployment insurance?

[Brito] That analogy is not valid because the parties are not identified. I believe it is not a concealed unemployment insurance because we must take into consideration—and I refer especially to high-ranking officers—that there is the possibility of improvement in a professional career that has a profound vocational meaning.

[BUSQUEDA] I mentioned the analogy because budget allocations do not seem to be the most appropriate way of achieving a highly technical Armed Forces.

[Brito] The budget is to cover expenditures and investments, not just for investment.

[BUSQUEDA] Does the government want to invert the factors of this equation?

[Brito] I believe that we must be prudent when dealing with this sort of thing. More than invert them, the government wants to improve the factors of this equation. I believe that to ensure an appropriate technical and scientific training, expenditures and investment factors must be improved. This must be done, however, without frustrating an indispensable factor: well-trained human beings.

[BUSQUEDA] Low salaries discourage personnel from remaining in the Armed Forces....

[Brito] This is true. The institution is necessary for the goals and duties it fulfills and the salary issue must be revised and improved. The president and I are permanently discussing this issue.

[BUSQUEDA] Would it be objectively desirable to have a highly technical, well trained, and smaller Armed Forces than at present?

[Brito] It is obvious that smaller numbers in the Armed Forces will allow better salaries. Measures have already been taken to reduce the number of the Armed Forces. We will find ways to improve the situation in accordance with the deadline established by law which is November 1992. You talk about reductions and we can probably improve the situation by adjusting the number, but basically adjusting or reducing is not the only solution. The situation is more complex, it means providing the Armed Forces with well organized careers, and adequate technical means.

[BUSQUEDA] Do you believe that the collapse of the socialist system and the fall of the Marxist-Leninist ideology have removed the risk of leftist guerrilla actions in the country?

[Brito] The risk of actions by leftist extremists always exists because it is part of human nature. The fall of the political organizations in Europe and in the former USSR is not enough to say that the possibility of subversive movements with extremist ideologies has disappeared. I do not believe it is like that. Of course, the possibilities are greatly reduced. We should be happy that it is not probable, but the possibility has not disappeared. Let me point out that I do not consider it probable, I am only evaluating the possibility.

[BUSQUEDA] The Defense Ministry has said that the mission of the Armed Forces is not to safeguard public order except in exceptional cases. What are those cases? The eviction of people from factories or the enforcement of a special service?

[Brito] The enforcement of public order is the responsibility of the police according to the Constitution and the police organic law. According to the Budget Law, the Armed Forces can be ordered by the executive branch to reestablish internal order under abnormal circumstances. This would be decided by the executive branch which must study individual cases and determine if the disturbance of public order is such that it threatens to overwhelm the police.

[BUSQUEDA] The government announced that it will make General Juan Rebollo commander in chief of the Army. In doing so, as on other occasions, it did not take into account the "chain of command." Many military men, however, believe that the chain of command is the ideal for promotions. Why does the executive branch act differently?

[Brito] Some believe that the selection must be made following the chain of command. Others believe that the political power should have the right to choose so that the one who holds the highest position in the Armed Forces will have the confidence of the executive branch. We should not forget that the Armed Forces are at the service of the state, whose representative is the president who was democratically elected. Therefore, the president is the commander in chief of the Armed Forces and the two opinions agree on that. But let us look at this issue the way it is. According to current law, the executive branch has the right to choose the commander of each branch of the Armed Forces. This is the way it has always been. The executive branch is allowed to do this by law.

[BUSQUEDA] Are those two doctrines supported by civilians and by military men?

[Brito] After almost two years at the ministry, I have concluded that, from the viewpoint of doctrine, there are various opinions on the ideal system. This is quite reasonable, and it does not bother me. Such opinions should be neither condemned nor questioned. As a civilian, I know there may be various opinions on the subject. I carefully avoid "imposing" an opinion on the subject within the Armed Forces.

[BUSQUEDA] Could the selection criteria used by the government become an irritating factor?

[Brito] There are no irritating factors, and this cannot become one because the Armed Forces are subject to the law. Yet this is only one side of the question, and there are other possibilities. The other answer that I should give you is that irritating factors are not permitted because, had there been any, the Defense Ministry would have taken immediate disciplinary action.

[BUSQUEDA] I will use another word. Do you think the criteria used for selection can cause disappointment?

[Brito] I admit that it is possible, but this does not cause any harm. The matter can be approached from various doctrinal viewpoints, and each person can act accordingly. This is still far from becoming an irritating factor.

[BUSQUEDA] I mentioned the subject because General Juan Zerpa has announced that he would retire after the swearing-in of General Juan Rebollo, who is junior to Zerpa....

[Brito] Both the president and the minister hold Gen. Zerpa in high regard. We regret his retirement because of his qualifications and because of our appreciation for him. If Gen. Zerpa feels disappointed, we respect his feelings because his position would be in line with a doctrine. This is a matter of Gen. Zerpa's personal concern, and I cannot meddle with that. This is only a hypothesis.

[BUSQUEDA] One of the factors that advocates of seniority have noted is that the selection criteria may risk the politicization of the Armed Forces. Do you think this is reasonable?

[Brito] The risk of politicization does not stem from the selection system, but from the weakness of those who may become politicized and from those who decide to use their legal powers for politicizing. An absolute system of selection (depending on seniority) in any other profession can also produce politicization, if we understand that politicization means favoritism by he who is in power. I believe that the history of the Armed Forces is full of examples that prove me right. The fact that the commander in chief and the generals were selected in keeping with existing regulations does not mean that they have been politicized. They work within their jurisdiction, using the appropriate professional criteria to deal with the matters pertaining to their branch.

### Roundup of Economic Activity Reports

*PY1402114492*

[Editorial Report] Following are reports on economic activities in Uruguay, dated from 3 to 12 February. Source information are given in parentheses after each item.

The Uruguayan Exporters Union has reported that 1991 was a "bad" year for its sector and that the trade balance "was the worst since 1982." It stated that in 1991 the trade balance suffered a deficit of $81 million compared with the $350 million surplus in 1990. Exporters state that the positive events in 1991 included the reduction of inflation from 129 percent to 81 percent, the substantial progress in the debureaucratization of the public sector as far as foreign trade is concerned, and the promising growth indexes of some areas of the economy, like construction. (Madrid EFE in Spanish 0052 GMT 3 Feb 92)

The Inter-American Development Bank has approved a $38.7 million loan for Uruguay. Of this, $36 million will be used to improve education, health, and food supplies, and to implement specific urgent investment projects for the poor. The bank has granted a non-reimbursable loan of $2.7 million to provide technical cooperation to reorganize social public expenses. (Montevideo EL PAIS in Spanish 7 Feb 92 p 10)

The Uruguayan Chamber of Industries has reported that, within the Argentine-Uruguayan Economic Cooperation Agreement, trade with Argentina and Brazil amounted to $131 million in 1991, a 57-percent increase compared with 1990. The most exported products in 1991 were cars, clothes, paper, chemical products, textile fibers, and dairy products. In January 1992, Uruguay exported to Brazil $14 million worth of products, which represents a 12.5-percent drop compared with January 1991. The Uruguayan products most exported to Brazil in 1991 were rice, leather, manufactured goods, dairy products, and paints. (Madrid EFE in Spanish 2107 GMT 12 Feb 92)

## Venezuela

### Interior Ministry Warns of 'Unwarranted' Rumors

*PA1402040992 Madrid EFE in Spanish 0126 GMT 14 Feb 92*

[Text] Caracas, 13 Feb (EFE)—The Venezuelan Government issued a communique on 13 February stating that things are normal in the country and warned about an "unwarranted" rumor campaign that strives to "instill uncertainty and unrest" and "spread panic among the people."

The note from the Interior Ministry stated "the nation has returned to its daily activities" without problems, even though seven constitutional guarantees have been suspended, including freedom of expression and the right to participate in demonstrations and meetings.

The communique urges "hard-working people and their institutions" to reject "any attempt to undermine the country's stability" and states that the government is capable of "countering disinformation that seeks to cause panic among the people."

The note does not specify which rumors it refers to. It may refer to the anonymous telephone calls made to public offices and the court building announcing the placement of bombs.

Rumors also concern the Armed Forces, stating that approximately 1,000 soldiers reportedly deserted—or that they were reportedly hiding—with their combat gear. Defense Minister General Fernando Ochoa specified on 13 February that 16 soldiers had abandoned their units.

Representatives of the National Journalists' Association (CNP) and the National Press Workers Union (SNTP) said the proliferation of rumors is caused by the suspension of a constitutional right that guarantees freedom of expression. The suspension was decreed by the government and approved by Congress on 4 February, when a military coup was foiled.

## CNP, SNTP To Boycott Congress Reports

*PA1402012192 Paris AFP in Spanish 1808 GMT 13 Feb 92*

[Text] Caracas, 13 Feb (AFP)—The National Journalists Association (CNP) and the National Trade Union of Press Workers (SNTP) of Venezuela agreed to boycott Congress reports to voice their condemnation of the repressive actions ordered by legislative leaders against the journalists, it was reported on 13 February in Caracas.

The boycott will affect indefinitely all information generated within Congress and from the headquarters of the ruling Social Democratic Action [AD], Christian Democratic Social Christian Party [COPEI], and New Democratic Generation.

On 12 February, deputies from all three parties asked for National Guard intervention to prevent journalists from entering the Chamber of Deputies session to cover the day's events.

This is the second incident in two days between journalists and deputies.

On 11 February, journalists marched to Congress to request the return of constitutional guarantees suspended by President Carlos Andres Perez following the 4 February coup attempt. AD and Copei deputies refused to acknowledge the journalists' demands.

In a communique, the CNP and SNTP described the 12 February measure as a serious violation to the right to information and an abuse against the journalists who are trying to do their job.

"The current situation demands open coverage that guarantees the flow of information, thus encouraging a stable environment with a clear respect to democratic norms," the communique reads.

At a meeting with union directors, Perez promised to restore freedom of expression on 14 February and guaranteed to correct mistakes that occurred "during the days when the media was raided and magazines were confiscated, and there would be no attacks to press workers."

That same day, however, a journalist from EL UNIVERSAL newspaper and a photographer from the same newspaper, who is also the AFP photographer in Venezuela, were detained by the military for five hours when they tried to cover the trial incidents of coup leader Hugo Chavez.

The SNTP has reported over the past few days of other harassment incidents against journalists who received threatening telephone calls, visits at home, and have been followed.

In addition to requesting that constitutional guarantees be reinstated, the CNP and the SNTP issued a 12-point declaration, including the agreement to submit to a disciplinary tribunal the parliamentary journalists who approved the guarantees suspension. They also want to expel from Venezuelan journalism the censors sent by the government.

In addition, the CNP and SNTP requested the immediate dismissal of Andres Blanco, minister director of the Central Office of Information, for his role as "ominous instrument of all the fascist acts committed against the media." They also considered a national press strike to regain freedom of information.